



Murray City

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2018

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For Fiscal Year Ended June 30, 2018

Murray City Finance Department

Danyce Steck, CPFO - Director of Finance
Brenda Moore, CPA – Controller
Nathanael Plaizier – Senior Accountant
JoAnn Miller – Payroll Coordinator
Weina Qiu – Accounts Payable Technician



MURRAY CITY CORPORATION



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INTRODUCTORY SECTION



For Fiscal Year Ended June 30, 2018



Murray City Finance Department
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Danyce Steck, CPFO – Finance Director

November 27, 2018

LETTER OF TRANSMITTAL

To the Honorable Mayor, Members of the City Council, and Citizens of Murray City:

The Comprehensive Annual Financial Report (CAFR) of Murray City (the City) for the fiscal year ending June 30, 2018, is submitted herewith. Utah state law requires that the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accounts. This report, which fulfills these requirements, was prepared by the Murray City Finance Department.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, the City's management has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Keddington & Christensen LLC, a firm of licensed certified public accountants. The goal of the independent audit was to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2018, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

Murray City, incorporated in 1903, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. The City currently occupies a land area of about 14 square miles and serves a population of about 50,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1.2 percent local option sales tax on all retail sales.

The City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible for adopting the annual budget, approving committee appointments, approving department head appointments, and providing other legislative direction and approval. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis.

The City has a full-time Mayor who is responsible for carrying out the policies and ordinances of the City Council, overseeing the day-to-day operations of the government, and appointing the heads of the various departments. The Mayor is elected at-large for a four year term.

The City provides a full range of services including; police protection; fire and ambulance services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the Wastewater Fund, the Power Fund, the Solid Waste Management Fund, the Storm Water Fund, the Telecommunication Fund and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and accordingly, is excluded from this report.

Factors Affecting Financial Conditions

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Murray City operates.

Local Economy

The City is a major retail center in Salt Lake County with a regional mall, eleven major automobile dealerships, and several big box retailers. Because of this diversification, the City has been able to maintain more stability during economic uncertainty. The reconstruction of Fashion Place Mall which includes several high-end department stores, numerous restaurants, and other retail stores, has provided additional economic stability.

Long-term Financial Planning

Murray City continues to use a capital improvement plan (CIP) for capital construction projects and equipment replacement. The CIP requires City leaders to plan and review the next five years projected capital needs. The City funds the CIP program with General Fund budget savings. The funds are allocated by the CIP committee which meets several times in the months of January and February each year to make recommendations. The CIP committee is made up of two members of City Council, the Mayor, the Finance Director, and Chief Administrative Officer. The recommendations are presented to the City Council each April, and the budget is passed as part of the City's overall budget after Council changes have been incorporated. This framework places a continuous emphasis on capital improvements.

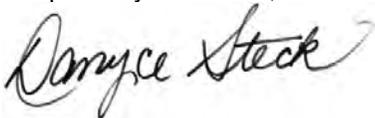
Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Murray City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2017. This was the thirty-seventh consecutive year that the City has achieved this prestigious award. In order for a comprehensive annual financial report to be awarded a Certificate of Achievement, the City must publish a report which is easily-readable, efficiently-organized, and satisfies both generally-accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report on a timely basis could not be accomplished without the efficient and dedicated services of the entire Finance Department staff. I would like to express my appreciation to all staff members who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support and for maintaining the highest standards of professionalism in the management of Murray City's finances.

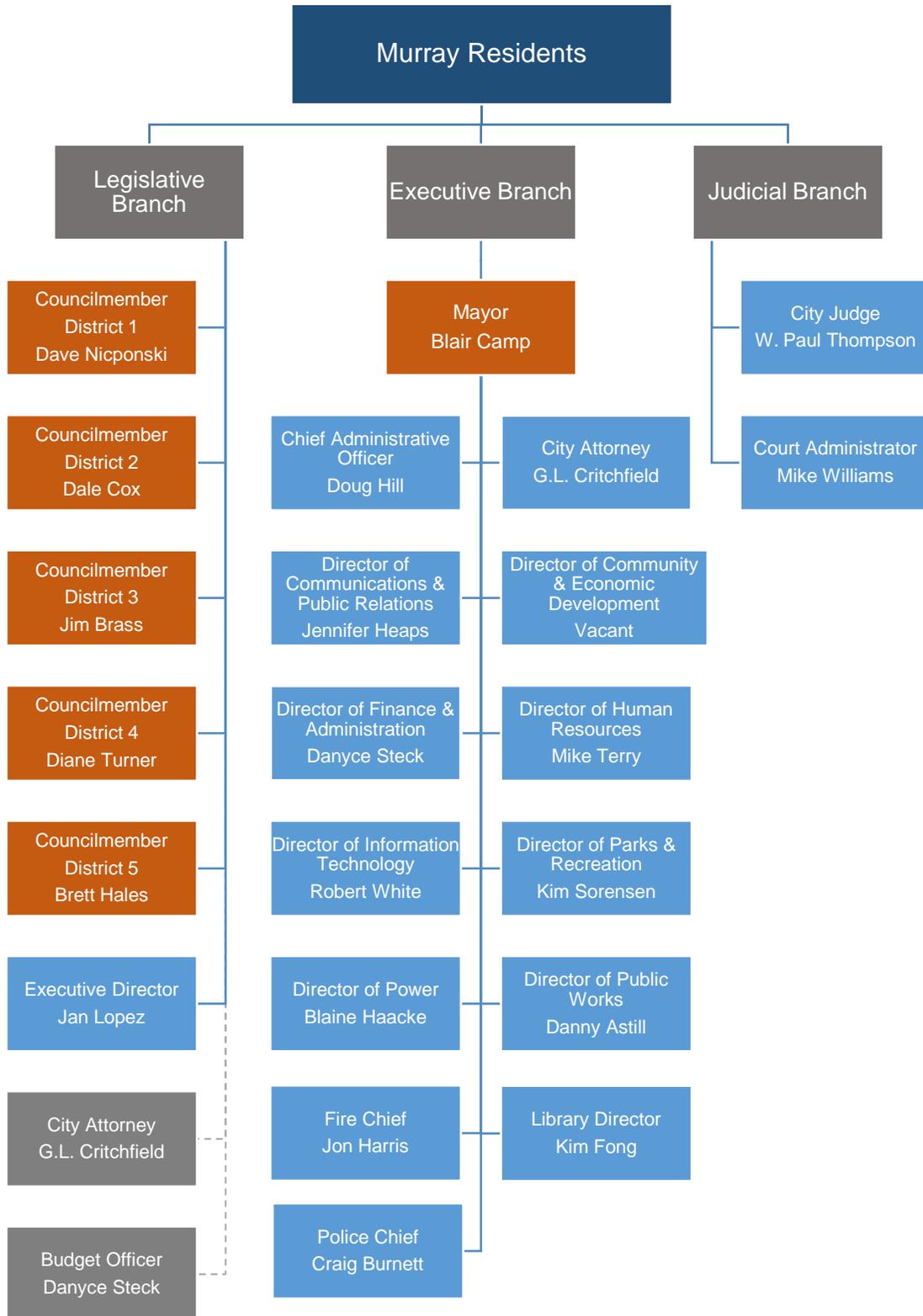
Respectfully submitted,



Danyce Steck, CPFO
Finance Director



ORGANIZATIONAL CHART





ELECTED OFFICIALS AND ADMINISTRATION

Elected Officials

Mayor	Blair Camp
Councilmember – District 1	Dave Nicponski
Councilmember – District 2	Dale Cox
Councilmember – District 3	Jim Brass
Councilmember – District 4	Diane Turner
Councilmember – District 5	Brett Hales

Appointed by Mayor and Council

City Attorney	G.L Critchfield
City Engineer	Trae Stokes
City Recorder	Jennifer Kennedy
City Treasurer	Wendell Coombs
Executive Director to the Council	Janet Lopez
Finance Director / Budget Officer	Danyce Steck
Municipal Court Judge	W. Paul Thompson

Executive Team

Mayor	Blair Camp
Chief Administrative Officer	Doug Hill
City Attorney	G.L Critchfield
Court Administrator	Mike Williams
Director of Communications & Public Relations.....	Jennifer Heaps
Director of Community & Economic Development	Vacant
Director of Finance & Administration	Danyce Steck
Director of Human Resources	Mike Terry
Director of Information Technologies	Robert White
Director of Parks & Recreation	Kim Sorensen
Director of Power	Blaine Haacke
Director of Public Works	Danny Astill
Fire Chief	Jon Harris
Library Director	Kim Fong
Police Chief	Craig Burnett



ORGANIZATIONAL LIST – DIVISION LEVEL

The following lists the divisions by department.

Community & Economic Development

- Building Division
- Community & Economic Development
- Redevelopment Agency

City Attorney

- Civil Division
- Criminal Division
- Risk Management

City Council

- Office of the Council

Courts

Finance & Administration Department

- Finance & Accounting
- Budget
- Recorder's Office
- Treasurer's Office

Fire Department

- Administration
- Emergency Medical Services
- Fire Suppression

Human Resources

Information Technology

- Geographic Information Systems (GIS)
- Information Technology (IT)

Library

Mayor's Office

Parks & Recreation Department

- Cemetery
- Facilities
- Senior Recreation Center
- Murray Parkway
- Outdoor Pool
- Parks
- Park Center

Police Department

- Administration
- Community Services
- Investigations
- Patrol

Power Department

Public Services

- Class C Roads
- Engineering
- Fleet Maintenance
- Solid Waste
- Storm Water
- Streets
- Wastewater
- Water



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Murray City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION



For Fiscal Year Ended June 30, 2018



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of City Council
City of Murray
Murray, Utah

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray (the City) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Murray as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of proportionate share of net pension liability, schedule of contributions, and the notes to required supplementary information, as noted on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the City of Murray's financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical sections are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, and the budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, and budgetary comparison schedules are fairly stated in all material respects in relation to the financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated November 27, 2018, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

Salt Lake City, Utah
November 27, 2018



As management of Murray City, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2018. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2018 by \$194,327,144 (net position). Of this amount, \$48,382,430 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net position increased by \$6,214,275. Of this increase, \$5,692,041 (92%) is attributable to governmental activities, and \$522,234 to business-type activities. The City is planning for several major projects that are on the near-term horizon. In doing so, the City slowed down capital project spending and began building reserves. In addition, the City recognized an increase in several revenue sources while operational spending remained steady. The City received \$484,961 of donated infrastructure.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$34,649,850. This is an increase of \$6,649,012 from the prior fiscal year. This is largely due to the unspent funds from the issuance of the Series 2018 Sales Tax Revenue Bonds (\$5.9 million) for the construction of a new fire station. Construction will begin in November 2018. The remaining increase was from the slowed capital project spending. Fiscal year 2018 was a year of design and planning for several major projects.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,164,485 or 25.0 percent of actual general fund revenues. The General Fund's net change of fund balance was an increase of \$1,071,206 which was held to restore the General Fund's reserves to the maximum amount allowed by state law. In the General Fund, any revenues in excess of expenditures are transferred to the Capital Projects Fund to support infrastructure maintenance and improvements.
- Murray City's total long-term liabilities (excluding net pension liability) increased by \$3,929,047, or 19.2 percent. This is largely due to the issuance of the Series 2018 Sales Tax Revenue Bonds (\$5.9 million), and repayment of bond and lease principal in the amount of \$1,774,891.

Report Overview

This discussion and analysis is intended to serve as an introduction to Murray City's basic financial statements. Murray City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.



Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Murray City's finances in a manner similar to private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both the government-wide financial statements distinguish between the governmental activities and business-type activities of the City. Governmental activities are principally supported by taxes and intergovernmental revenues, while business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, highways and public improvements, parks and recreation, library, and community and economic development. The business-type activities of Murray City include utilities (water, sewer, power, telecommunications, solid waste, and storm water), and the Murray Parkway golf course.

The government-wide financial statements can be found on pages 33-34 of this report.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Murray City, like any other state and local government, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds (business-type).

A. Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.



Fund Financial Statements (continued)

A. Governmental Funds (continued)

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balances, which are divided into non-spendable, restricted, committed, assigned, and unassigned portions.

- *Non-spendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash.
- *Restricted* balances include net fund resources of the City that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include bond and capital lease proceeds designated for specific projects, debt service reserve requirements, and grant proceeds.
- *Committed* balances reflect the City's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds.
- *Assigned* balances in the general fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes.
- *Unassigned* balances in the general fund are all other available net resources.

At June 30, 2018, the City's combined governmental fund balance is \$34,649,850. Of that balance, \$86,977 is non-spendable, \$8,772,296 is restricted, \$1,432,979 is committed, \$14,193,113 is assigned, and \$10,164,485 is unassigned. Additional details regarding governmental fund balances can be found in Note 1 on page 59-60 and Note 18 on page 95 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements.

The City maintains the following five individual governmental funds:

- General Fund
- Redevelopment Agency Fund (RDA)
- Capital Projects Fund
- Library Fund
- Cemetery Fund

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Redevelopment Agency Fund, and Library Fund which are considered major funds. Individual fund data for the Cemetery Fund (the only non-major governmental fund) is provided in the Supplementary Information section of this report.



Fund Financial Statements (continued)

A. Governmental Funds (continued)

The City adopts an annual appropriated budget for its government funds. A budgetary comparison statement has been provided for all of these funds to demonstrate budgetary compliance.

The basic governmental fund financial statements can be found on pages 35-43 of this report.

B. Proprietary Funds

The City maintains two different types of proprietary funds – enterprise funds and internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, power, solid waste, and storm water utilities, as well as activities of the golf course and telecom connection.

Internal service funds are used to report the activities that provide goods or services to other funds on a cost-reimbursement basis. The City uses internal service funds to account for the maintenance of its vehicles and equipment in a central garage, as well as the management of its self-insurance program. Since both these services predominantly benefit government rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Individual fund information is provided in the form of combining statements in the Supplementary Information section of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major funds - water, wastewater, power, and storm water funds. Information from the non-major proprietary funds are combined into a single, aggregated presentation. Individual fund information for these funds is provided in the form of combined statements in the Supplementary Information section on pages 115-122 of this report.

C. Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statement begin on page 53 of this report.

D. Required Supplementary Information (RSI)

This section contains budget to actual comparison statements for the City's general fund as well as other major special revenue funds, which are the RDA and library funds. This section also contains required supplementary information for the City's pension program. The RSI section begins on page 99.



Fund Financial Statements (continued)

E. Other Information

In addition to the above-mentioned statements and reports, this report also presents an additional supplementary information section and a statistical section which both give more detailed information to the reader. The supplemental section includes individual fund financial statements for the City's nonmajor funds and fiduciary fund, as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 104, and the statistical section begins on page 118.

Government-Wide Financial Analysis

The following table summarizes the City's net position:

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Current and other assets	\$ 55,351,848	\$ 43,051,357	\$ 39,901,799	\$ 37,997,908	\$ 95,253,647	\$ 81,049,265
Capital assets	82,710,656	79,274,889	76,336,105	78,713,882	159,046,761	157,988,771
Total assets	138,062,504	122,326,246	116,237,904	116,711,790	254,300,408	239,038,036
Total deferred outflows of resources	7,426,040	7,113,037	2,495,632	2,209,481	9,921,672	9,322,518
Long-term liabilities	14,411,353	9,528,194	9,972,891	10,927,003	24,384,244	20,455,197
Net pension liability	7,622,926	11,600,334	2,385,340	3,598,891	10,008,266	15,199,225
Other liabilities	6,770,823	5,863,335	7,644,417	7,846,947	14,415,240	13,710,282
Total liabilities	28,805,102	26,991,863	20,002,648	22,372,841	48,807,750	49,364,704
Total deferred inflows of resources	18,925,167	10,381,186	2,162,019	703,593	21,087,186	11,084,779
Net position:						
Net investment in capital assets	68,475,126	70,308,318	66,552,577	68,100,264	135,027,703	138,408,582
Restricted	8,859,273	5,616,066	2,229,640	2,803,311	11,088,913	8,419,377
Unrestricted	20,423,876	16,141,850	27,786,652	26,616,301	48,210,528	42,758,151
Total net position	\$ 97,758,275	\$ 92,066,234	\$ 96,568,869	\$ 97,519,876	\$ 194,327,144	\$ 189,586,110

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$194,327,144 as of June 30, 2018. This is an increase of \$6.21 million from the previous fiscal year.

As of June 30, 2018, the City is able to report positive balances in all three categories of net position – government-wide, governmental activities, and business-type activities.



Government-Wide Financial Analysis (continued)

All funds, with the exception of the Parkway Fund reported positive fund balances for all categories of net position.

- *Net Investment in Capital Assets* - By far the largest portion of the City's position (69.5%) reflects its investments in capital assets (e.g., land, buildings, infrastructure, equipment, intangibles, and construction in progress), less any outstanding related debt used for acquisition of those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- *Restricted Net Position* - The increase in restricted net position is the direct result of unspent bond proceeds from the Series 2018 and Series 2016 Sales Tax Revenue Bond and the Series 2016 Storm Water Revenue Bond. These amounts are restricted based on the bond covenants.
- *Unrestricted Net Position* - As mentioned in the financial highlights, the City is planning for several major projects that are on the near-term horizon. In doing so, the City slowed down capital project spending and began building reserves. In addition, the City recognized an increase in several revenue sources while operational spending remained steady. These changes will be discussed in the following section.

The Parkway Fund will continue to maintain a negative unrestricted net position until such time as the interfund loans used for capital improvements to the golf course are paid in full.

The amount reported as unrestricted net position may be used to meet the government's ongoing obligations to citizens and creditors.

(continued on the next page)



Government-Wide Financial Analysis (continued)

The following table summarizes the City's operations:

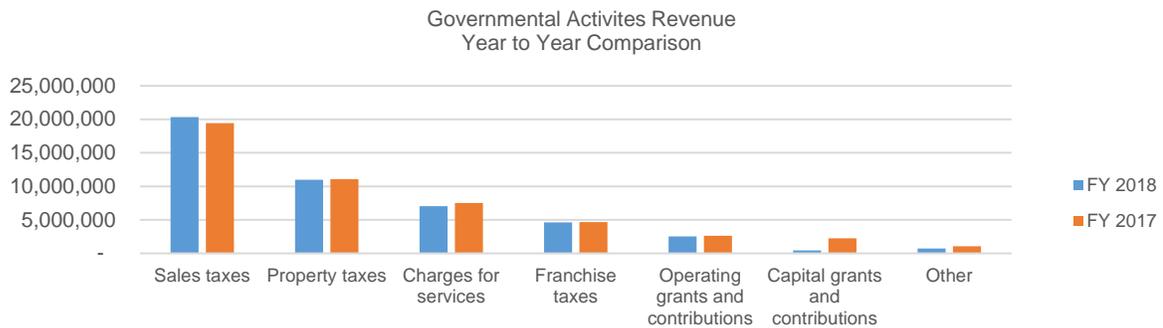
	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues						
Program revenues						
Charges for services	\$ 7,061,270	\$ 7,497,478	\$ 52,757,179	\$ 52,436,896	\$ 59,818,449	\$ 59,934,374
Operating grants and contributions	2,526,788	2,637,769	-	-	2,526,788	2,637,769
Capital grants and contributions	428,588	2,239,420	256,373	702,227	684,961	2,941,647
General revenues						
Sales tax	20,320,116	19,433,656	-	-	20,320,116	19,433,656
Property taxes	10,995,532	11,092,545	-	-	10,995,532	11,092,545
Franchise taxes	4,630,311	4,666,627	-	-	4,630,311	4,666,627
Investment income	454,651	391,442	626,714	408,275	1,081,365	799,717
Gain on disposal of assets	(1,685)	57,192	(105,360)	2,573	(107,043)	59,765
Miscellaneous	291,619	608,200	-	-	291,617	608,200
Total revenues	46,707,190	48,624,329	53,534,906	53,549,971	100,242,096	102,174,300
Expenses						
General government	8,858,312	8,988,523	-	-	8,858,312	8,988,523
Public safety	19,237,797	20,509,832	-	-	19,237,797	20,509,832
Highways & public improvements	6,252,493	6,841,539	-	-	6,252,493	6,841,539
Parks, recreation, and culture	9,930,761	8,681,858	-	-	9,930,761	8,681,858
Debt service - interest and fiscal charges	335,232	323,481	-	-	335,232	323,481
Water	-	-	4,827,726	4,755,323	4,827,726	4,755,323
Wastewater	-	-	6,748,288	5,611,709	6,748,288	5,611,709
Power	-	-	32,142,421	32,080,323	32,142,421	32,080,323
Murray Parkway	-	-	1,381,817	1,729,090	1,381,817	1,729,090
Telecommunications	-	-	83,179	67,649	83,179	67,649
Solid waste	-	-	1,616,099	1,571,148	1,616,099	1,571,148
Storm water	-	-	2,613,696	2,456,570	2,613,696	2,456,570
Total expenses	44,614,595	45,345,233	49,413,226	48,271,812	94,027,821	93,617,045
Increase (decrease) in net position before transfers	2,092,595	3,279,096	4,121,680	5,278,159	6,214,275	8,557,255
Transfers - net	3,599,446	3,637,708	(3,599,446)	(3,637,708)	-	-
Increase (decrease) in net position	5,692,041	6,916,804	522,234	1,640,451	6,214,275	8,557,255
Net position at beginning of year	92,169,376	85,252,572	94,714,653	93,074,202	186,884,029	178,326,774
Prior period adjustment	(103,142)	-	1,331,982	-	1,228,840	-
Net position at end of year	\$ 97,758,275	\$ 92,169,376	\$ 96,568,869	\$ 94,714,653	\$ 194,327,144	\$ 186,884,029

Governmental Activities – Governmental activities increased the City's net position by \$5,588,899, which is approximately \$1.3 million less than the prior year. Key elements affecting this increase in governmental activities net position are as follows:

- Total governmental activities revenue decreased by (\$1.92) million from the prior year. Of that amount, (\$1.8 million) is the result of a decrease in capital grants and contributions. Sales tax revenue grew by 4.5% from the previous year. But the decrease was the result of a reduction in capital grants and contributions due to a \$2.0 million one-time grant for the reconstruction of the City's amphitheater the City received in the prior year.



Government-Wide Financial Analysis (continued)



- Total expenditures for governmental activities overall decreased \$730,638 (1.6%) from the previous year. This change is the result of reduced road maintenance during the year.

Business-type Activities – Business-type activities increased the City’s net position by \$1,854,215. Key elements affecting this change in business-type net position are as follows:

- Central Valley Water Reclamation Facility reported a change of ownership as of January 1, 2017 which resulted in a prior period adjustment for the City in the amount of \$1,383,330. This adjustment increased the net position of business-type activities. In addition, an expense of (\$51,348) from the prior year was not reported on the Statement of Activities in the previous year. This adjustment decreased the net position.
- Total business-type activities revenue increased slightly from the prior year which is expected for established utility systems due to nominal rate increases.
- Total business-type activities expense increased by approximately \$1.14 million from the prior year. Most of this increase is wastewater utility expense which was paid to Central Valley Water Reclamation Facility for the payment of the City’s portion of CVWRF’s outstanding debt. CVWRF will be undertaking a large facility and system rehabilitation project which will require additional resources from the partners in the joint venture.

Fund Financial Analysis

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

A. Governmental Funds

The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The following funds are classified as governmental funds of the City:

- General Fund
- Redevelopment Agency Fund
- Capital Projects Fund
- Library Fund
- Cemetery Fund



Fund Financial Analysis (continued)

A. Governmental Funds (continued)

As of June 30, 2018, the City's governmental funds reported combined fund balances of \$34,649,850. This represents an increase of \$6,649,012 from last year's ending balances. A significant portion of this increase is from the issuance of \$5.8 in sales tax revenue bonds for the construction of a new fire station which will begin in FY 2019.

Fund balances are classified based on their purpose and availability. Below are the categories of fund balance.

- *Unassigned* – Available for spending at the City's discretion
- *Assigned* – The City intends to use this amount for specific purposes (e.g. capital projects)
- *Committed* – Committed by formal action for a specific purpose (e.g. cemetery perpetual care), and requires formal action to amend
- *Restricted* – Legally defined and not available for discretionary spending based on external restrictions
- *Non-spendable* – In a form that cannot be converted to cash (e.g. prepaid item)

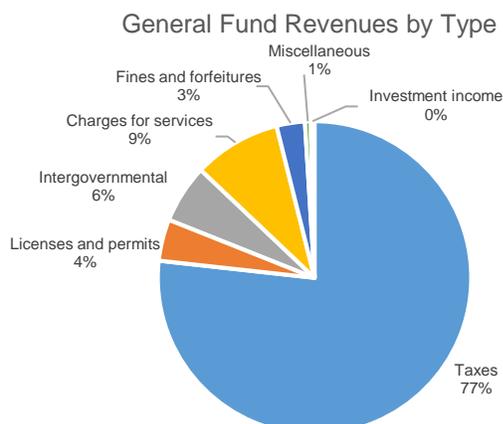
Of the total balance, the following amounts have been classified to:

- *Unassigned* - \$10,164,485, or 29.3%
- *Assigned* - \$14,193,113, or 41.0%
- *Committed* - \$1,432,979
- *Restricted* - \$8,772,296, or 25.3%
- *Non-spendable* - \$86,977

General Fund

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (including other financing sources and uses) in the general fund by \$1,071,206. A transfer of \$12,839,000 to the capital projects fund was completed during the fiscal year. This transfer was made up of \$5.9 million of new debt issued to construct a fire station, \$3.5 million of local option sales tax, and \$3.4 million of other revenue dedicated to the support of infrastructure maintenance and improvements. Because the local option sales tax has a sunset clause of June 30, 2030, the City considers this revenue as one-time and dedicated the majority to infrastructure maintenance and improvements in the capital projects fund.

The budget authorized a transfer of \$10.7 million, however state law requires the General Fund balance remain under 25% of annual revenue which required a transfer amount that exceeded the budget by \$2.1 million.





Fund Financial Analysis (continued)

A. Governmental Funds (continued)

In addition to the transfer to the capital projects fund, the general fund transferred \$34,000 to the Murray Parkway Fund to subsidize operations.

Taxes continue to be the largest source of revenue in the general fund and represent 76.7% of total general fund revenues. The largest component of tax revenue is sales tax, which represents 64.0% of total tax revenues and 49.1% of total general fund revenues. This compares with 47.4% of total general fund revenues in the prior fiscal year.

General fund expenditures decreased during fiscal year 2018 to \$37,632,080 from \$40,731,609 in 2017. This change is the result of a \$3.24 million advanced debt defeasance paid in FY 2017. If this defeasance payment is removed, operational expenditures increased by \$140,471, or less than 0.25%.

Capital Projects Fund

The Capital Projects Fund had a fund balance at the end of the year in the amount of \$20,167,892 which was significantly above the fund balance of the previous year. The Capital Projects Fund received a transfer of \$12.8 million dollars from the General Fund. Of that amount, \$5.8 was from the issuance of the Series 2018 Sales Tax Revenue Bonds which were issued to construct a new fire station. The additional \$7.0 million was intended to support infrastructure and capital asset acquisition costs.

Expenditures decreased from \$6.6 million in FY 2017 to \$5.5 million in FY 2018. This decrease occurred as many projects reached completion and new projects began the design phase. The City has \$2.5 million of current outstanding construction commitments.

Redevelopment Agency Fund

During fiscal year 2018, property tax collections from redevelopment areas decreased 6.0 percent to a total of \$2,506,977 from \$2,658,774 in FY 2017. This decrease is due to a reduction in taxable values, largely in the downtown area. The City has acquired much of the property in this area over the past couple of years in preparation for a large redevelopment project which includes the relocation of both a fire station and city hall. Since the City owns the property, it becomes tax-exempt until such time as it is sold. The RDA fund balance decreased \$2,030,715 to a total of \$1,989,593. A portion of this is the tax increment set aside for housing, and the remaining is unspent bond proceeds from the Series 2016 Sales Tax Revenue Bond issued for the purpose of property acquisition in the downtown area. These monies will be disbursed in a future fiscal year.

Expenditures in the RDA fund decreased substantially in FY 2018 due to the amount of property acquisition that occurred in FY 2017. Expenditures decreased from \$8,160,538 in FY 2017 to \$4,283,904 in FY 2018.

Library Fund

The Library Fund did not have any significant changes in either revenue or expenditures in FY 2018. The restricted and unrestricted fund balance increased by \$143,209 to a total of \$722,403 which is 42% of the current property tax revenue. In FY 2019, the Library increased its property tax rate by 55% with a commitment to increase services and begin saving for the construction of a new facility within 3-5 years.



Fund Financial Analysis (continued)

Cemetery Fund

The Cemetery Fund did not have any significant changes in either revenue or expenditures in FY 2018. The restricted and unrestricted fund balance increased by \$12,819 to a total of \$1,432,979. These reserves are intended to support the perpetual care of the cemetery.

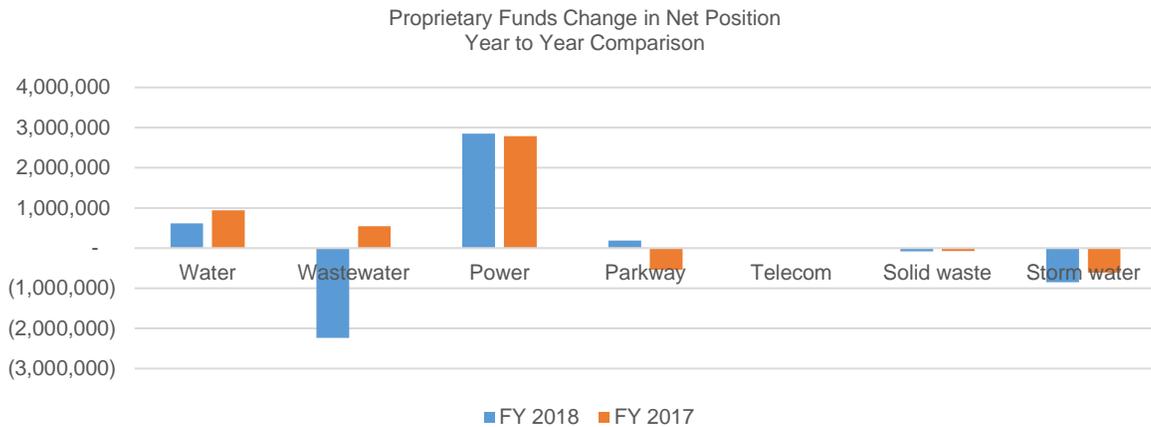
B. Proprietary Funds

A review of the change in net position from year to year is a good analysis tool for the proprietary funds.

- The Water Fund's restricted and unassigned net position increased this fiscal year by \$44,772 to a total of \$2,995,817, which is approximately 54% of current annual revenues. Both revenue and usage changed less than 0.5% from the previous year. Operating expenses increased by less than 2% for the year which was attributed to an increase in maintenance. The City has several large infrastructure rehabilitation projects designed for the next fiscal year which will be funded from these reserves as well as a low-interest loan from the state's division of water resources. See Note 21 – Subsequent Events for more information regarding these projects.
- The Wastewater Fund's restricted and unassigned net position decreased by (\$2,166,169) this fiscal year to a total of \$6,032,123, which is still 134% of the fund's current annual revenues. These reserves are intended to support the increased investment in the Central Valley Water Reclamation Facility required to comply with the new federal standards of the Environmental Protection Agency (EPA). Operating expenses increased by \$1,117,399 due to this project.
- The Power Fund's restricted and unassigned net position increased by \$5,150,214 this fiscal year to a total of \$19,694,913 which is approximately 53% of current annual revenues. There was less than 1% change in revenue or expense in the fund. Reserves are intended to support the maintenance of this high-cost infrastructure system.
- The Storm Water Fund's revenues increased by 14% over the previous year due to a rate increase of the same percentage, however, it continued to record a negative change in net position. The storm water utility fee is currently under review to determine if it is sufficient for cost-recovery. The total of the Storm Water Fund's restricted and unassigned net position is \$2,127,975.
- The golf course (Parkway Fund) required transfers from both the General Fund (\$34,000) and Capital Projects Fund (\$275,000) in order to subsidize operations and capital for the fiscal year. The transfer from the Capital Projects Fund provided for the replacement of the driving range fence, while the transfer from the General Fund provided for operations. The City will continue to monitor this fund over the next year to identify service level versus demand. The City's FY 2019 budget includes subsidization of this fund by the General Fund. The Parkway Fund's unrestricted net position is (\$834,536) as a result of interfund loans which funded capital improvements over the last two years (see Note 7 for details).
- The Solid Waste Fund's unrestricted net position decreased by \$48,780 to a total of \$285,848 or 17% of current annual charges for services. Towards the end of this fiscal year, there was a major shift in the recycling market which dramatically increased the cost of material processing – a cost that will quickly use up the reserves in this fund. The City plans on performing a service, cost, and rate study in FY 2019 to address this concern.



Fund Financial Analysis (continued)



General Fund Budgetary Highlights

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$38,752,046 to a final budget total of \$39,922,628 (3.0 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Expenditure budget adjustments made during the year can be summarized as follows.

- A. General government
 - \$257,127 for organizational reconfiguration
 - \$149,761 for support of public initiatives
 - \$90,000 for contracted plan review services
 - \$85,000 for bond issuance fees
 - (\$16,361) to remove donation to the SLC homeless shelter program due to program end
- B. Public safety
 - (\$470,000) to remove contract services for 911 dispatch which is now directly funded
 - \$206,794 for grant-funded programs and services
 - \$175,000 for additional overtime in the fire department
- C. Highways and public improvements
 - \$635,000 for Class C road projects and underground fuel storage
 - \$132,590 for grant-funded bike lanes
 - (\$26,593) for organizational reconfiguration
- D. Parks, recreation, and culture
 - \$5,460 for construction delay costs on the amphitheater
 - \$78,000 for part-time wages in the Park Center
 - (\$131,196) for organizational reconfiguration

General fund budgeted revenues were amended from \$39,371,760 to \$45,761,604 (16.2 percent difference). Revenue budget adjustments made during the year can be summarized as follows.

- E. Issuance of Debt
 - \$5,899,000 for the issuance of the Series 2018 Sales Tax Revenue bond issued for the construction of a new fire station



General Fund Budgetary Highlights (continued)

- F. Sales Tax
 - \$50,000 to revise the budget to actual receipts at year-end
- G. Intergovernmental Revenue
 - \$333,384 was budgeted for additional grants received during the year
- H. Charges for Services
 - \$477,000 to revise the budget to actual receipts at year-end
 - (\$470,000) to remove pass-through tax revenue dedicated for 911 dispatch services which are now directly distributed
- I. Miscellaneous
 - \$100,460 for increased interest income and to revise the budget for actual receipts at year-end

During the year, actual revenues were greater than budgeted revenues by \$1,538,259 - the majority (60%) was sales tax revenue. Actual expenditures were less than budgeted expenditures by \$2,290,548 – the majority of which was considered general government services.

Capital Assets and Long-term Debt

A. Capital Assets

Murray City's net investment in capital assets for its governmental and business-type activities as of June 30, 2018, amounts to \$135,027,703. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress. Infrastructure is defined as roads, utility systems, recreation systems, parks support systems, and so forth. The total increase from the previous year of the City's investment in capital assets was \$10,674,015 (2.9%).

	Governmental Activities		Business-type Activities		Total	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Land	\$ 22,781,597	\$ 21,039,780	\$ 6,974,069	\$ 6,974,069	\$ 29,755,666	\$ 28,013,849
Buildings	37,829,544	33,385,997	6,218,221	6,305,539	44,047,765	39,691,536
Infrastructure	88,383,650	86,152,583	169,687,586	167,555,841	258,071,236	253,708,424
Equipment	16,669,904	15,508,807	21,036,673	20,568,706	37,706,577	36,077,513
Intangibles	-	-	3,759,027	3,759,027	3,759,027	3,759,027
Construction in progress	2,630,992	4,661,229	1,105,464	491,134	3,736,456	5,152,363
Total Capital Assets	\$ 168,295,687	\$ 160,748,396	\$ 208,781,040	\$ 205,654,316	\$ 377,076,727	\$ 366,402,712

During the year, the City spent \$11,603,810 (excluding donated assets) on assets.

Major capital asset events during the fiscal year 2018 include:

- The acquisition of \$3,110,308 of property including land and buildings in the downtown area in preparation for a large redevelopment project.
- The completion of \$1,846,192 of road and signal improvements throughout the City.
- The completion of the Murray Canal Trail for a total cost of \$739,705.
- The completion of the pickleball courts in Murray Park for a total cost of \$545,462.



Capital Assets and Long-term Debt (continued)

- The acceptance of \$484,961 in developer-contributed assets including \$228,588 in donated roads, \$148,047 in donated water lines, \$46,526 in donated sewer lines, \$45,800 in donated storm drain infrastructure, and \$16,000 in donated street lights.

Additional information on the City's capital assets can be found in Note 8 on pages 71-72 of this report.

B. Long-term Debt

As of June 30, 2018, the City had total long-term bonded debt outstanding of \$22,992,000. The entirety of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018
Revenue Bonds	\$ 8,118,000	\$ 13,226,000	\$ 10,613,000	\$ 9,766,000	\$ 18,731,000	\$ 22,992,000

The City's total bonded debt outstanding increased by \$4,261,000 during the fiscal year (22.7%). This increase is due to the issuance of the Series 2018 Sales Tax Revenue Bond (\$5,540,000) used to construct a fire station and normally scheduled debt principal payments.

In January 2018 and prior to the issuance of the Series 2018 Sales Tax Revenue Bonds, the City requested a credit rating review from Standard & Poor's. The result was an overall credit rating upgrade from AA- Stable to AA Stable. The most recent bond ratings issued for Murray is AA+ from Fitch Ratings and AA from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4% may be used for general purposes. The current limitation for the City is \$258,182,481, which is significantly in excess of the City's outstanding general obligation debt. The remaining 4 percent and any unused portion of the 4 percent available for general purposes, up to the maximum of 8 percent, may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer and electrical projects is \$516,364,962, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt can be found in Note 12 on pages 76-80 of this report.

Economic Factors

- According to the U.S. Bureau of Labor Statistics, the unemployment rate in Salt Lake City as of June 2018 was 3.0% as compared to 3.3% of the previous year. The national unemployment rate was 4.0% as of June 2018 as compared to 4.4% of the previous year.
- According to the U.S. Bureau of Labor Statistics, in August 2018 the consumer price index (CPI) in the western region was up 3.6% from a year ago, while the CPI for the nation rose 2.7% for that same period.
- Statewide sales tax revenue increased by 6.0% in FY2018 which represents strong consumer confidence over the past year.



Next Year's Budgets and Rates

- The City continues its approach of budgeting conservatively to avoid revenue shortfalls. In FY2019, General Fund budgeted revenues increased \$3.16 million (7.9%) and budgeted expenditures increased \$2.32 million (5.8%), resulting in a budgeted operating surplus of \$831,517.
- The majority of the General Fund revenue increase is the result of a 45% property tax increase effective in FY2019. This increase will affect the General Fund by \$2.8 million and was necessary to support a new compensation plan specifically focused to improve the recruitment and retention of public safety personnel (police and fire), and support a long-term infrastructure maintenance and improvement program. The City's last property tax increase was in FY2009.
- Historically, the City has budgeted the next year's sales tax revenue within 1% of the prior year's actual collections. This method reduces the City's exposure to negative economic changes. The budget for FY2019 was prepared using this same methodology and resulted in an increase in the budget of \$911,298 over the prior year's budget (4.7%).
- Effective October 1, 2018, the sales tax rate imposed within the City's boundaries increased from 7.05% to 7.30%. This rate increase will not affect sales tax revenue for the City since the portion of this rate dedicated to municipalities remains unchanged at a maximum of 1.2%.
- The City's utility rate schedules are approved and adopted for 5-year periods of time and based on both the utility master plans and current rate studies.
 - The water utility rate structure has recently transitioned from a flat rate to a tiered rate system. This change was mandated by state law and intended to promote water conservation. The water rate will increase by 5.5% per year through 2022.
 - The storm water utility rate is currently under review.
 - The sewer rate is structured to increase 5% per year through 2022.
 - The garbage and recycling rate is structured to increase by 3.5% per year through 2020. However, recent global changes to how recycling is handled will require the City to undergo a rate study and increase in FY2019.
 - The City's power system is currently self-sufficient with its current rate schedule. No rate increases are anticipated in the near future.

Requests for Information

This financial report is designed to provide a general overview of the Murray City's finances for all interested parties. Questions concerning any information provided in this report or requests for additional financial information should be addressed to:

Danyce Steck CPFO
Murray City Finance Director
5025 South State Street
Murray, Utah 84107
(801) 264-2669
dsteck@murray.utah.gov

BASIC FINANCIAL STATEMENTS



For Fiscal Year Ended June 30, 2018

Government-Wide Financial Statements

MURRAY CITY
 BASIC FINANCIAL STATEMENTS
 For the Fiscal Year Ended June 30, 2018



STATEMENT OF NET POSITION

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 19,375,135	\$ 22,130,065	\$ 41,505,200
Investments	7,377,410	5,231,656	12,609,066
Accounts receivable (net of allowance)	12,810,540	4,684,449	17,494,989
Notes receivable	-	34,100	34,100
Due from other governments	4,423,961	-	4,423,961
Inventory	69,292	2,563,884	2,633,176
Prepaid items	70,484	938	71,422
Pension asset	740,369	-	740,369
Subtotal current assets	<u>44,867,191</u>	<u>34,645,092</u>	<u>79,512,283</u>
Noncurrent assets			
Restricted cash	8,468,319	2,229,639	10,697,958
Notes receivable	-	335,157	335,157
Investments in joint ventures	2,016,338	2,691,911	4,708,249
Capital assets			
Land	22,781,597	6,974,069	29,755,666
Construction in progress	2,630,992	1,105,464	3,736,456
Buildings	37,829,544	6,218,221	44,047,765
Infrastructure	88,383,650	169,687,586	258,071,236
Equipment	16,669,904	21,036,674	37,706,578
Intangibles	-	3,759,027	3,759,027
Accumulated depreciation and amortization	(85,585,031)	(132,444,936)	(218,029,967)
Subtotal noncurrent assets	<u>93,195,313</u>	<u>81,592,812</u>	<u>174,788,125</u>
Total assets	<u>138,062,504</u>	<u>116,237,904</u>	<u>254,300,408</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	-	171,902	171,902
Deferred pension costs	7,426,040	2,323,730	9,749,770
Total deferred outflows of resources	<u>7,426,040</u>	<u>2,495,632</u>	<u>9,921,672</u>
LIABILITIES			
Current liabilities			
Accounts payable	2,010,150	3,413,922	5,424,072
Accrued liabilities	1,330,235	600,472	1,930,707
Customer deposits	340,708	1,844,752	2,185,460
Compensated absences	2,249,406	762,324	3,011,730
Due to other government	-	-	-
Interest payable	69,324	122,847	192,171
Notes payable	-	34,100	34,100
Bonds and leases payable	771,000	866,000	1,637,000
Subtotal current liabilities	<u>6,770,823</u>	<u>7,644,417</u>	<u>14,415,240</u>
Noncurrent liabilities			
Compensated absences	946,823	548,304	1,495,127
Net pension payable	7,622,926	2,385,340	10,008,266
Notes payable	-	335,157	335,157
Bonds and leases payable	13,464,530	9,089,430	22,553,960
Subtotal noncurrent liabilities	<u>22,034,279</u>	<u>12,358,231</u>	<u>34,392,510</u>
Total liabilities	<u>28,805,102</u>	<u>20,002,648</u>	<u>48,807,750</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	6,909,255	2,162,019	9,071,274
Deferred property taxes	12,015,912	-	12,015,912
Total deferred Inflows of resources	<u>18,925,167</u>	<u>2,162,019</u>	<u>21,087,186</u>
NET POSITION			
Net investment in capital assets	68,475,126	66,552,577	134,855,801
Restricted	-	-	-
Capital	7,963,290	1,745,620	9,708,910
Impact fees	-	310,807	310,807
Debt service	1,474	173,213	174,687
Library	722,403	-	722,403
Other purposes	172,106	-	172,106
Unrestricted	<u>20,423,876</u>	<u>27,786,652</u>	<u>48,382,430</u>
Total net position	<u>\$ 97,758,275</u>	<u>\$ 96,568,869</u>	<u>\$ 194,327,144</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF ACTIVITIES

	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 8,858,312	\$ 3,158,474	\$ -	\$ -	\$ (5,699,838)	\$ -	\$ (5,699,838)
Public safety	19,237,797	2,123,407	419,136	-	(16,695,254)	-	(16,695,254)
Highways and public improvements	6,252,493	-	2,005,552	428,588	(3,818,353)	-	(3,818,353)
Parks, recreation, and culture	9,930,761	1,779,389	102,100	-	(8,049,272)	-	(8,049,272)
Debt service - interest and fiscal charges	335,232	-	-	-	(335,232)	-	(335,232)
Total governmental activities	44,614,595	7,061,270	2,526,788	428,588	(34,597,949)	-	(34,597,949)
Business-type activities							
Water	4,827,726	5,750,664	-	148,047	-	1,070,985	1,070,985
Wastewater	6,748,288	4,742,811	-	46,526	-	(1,958,951)	(1,958,951)
Power	32,142,421	37,389,068	-	16,000	-	5,262,647	5,262,647
Murray parkway	1,381,817	1,252,281	-	-	-	(129,536)	(129,536)
Telecom	83,179	83,845	-	-	-	666	666
Solid waste	1,616,099	1,659,624	-	-	-	43,525	43,525
Storm water	2,613,696	1,878,886	-	45,800	-	(689,010)	(689,010)
Total business-type activities	\$ 49,413,226	\$ 52,757,179	\$ -	\$ 256,373	\$ -	\$ 3,600,326	\$ 3,600,326
General Revenues:							
Sales taxes					20,320,116	-	20,320,116
Property taxes					10,995,532	-	10,995,532
Franchise taxes					4,630,311	-	4,630,311
Investment income					454,651	626,714	1,081,365
Gain on disposal of assets					(1,685)	(105,360)	(107,045)
Miscellaneous					291,619	-	291,619
Transfers - net					3,599,446	(3,599,446)	-
Total general revenue and transfers					40,289,990	(3,078,092)	37,211,898
Change in net position					5,692,041	522,234	6,214,275
Net position - beginning					92,169,676	94,714,653	186,884,029
Prior period adjustment					(103,142)	1,331,982	1,228,840
Net position - ending					\$ 97,758,275	\$ 96,568,869	\$ 194,327,144

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The general fund is used to account for resources traditionally associated with a government which are not required to be accounted for in another fund.

Capital Projects Fund

The capital projects fund is used to account for the construction of budgeted capital projects of the City. Intergovernmental grants, transfers from the general fund, and interest earnings are the principal sources of funding for these projects.

Redevelopment Agency (RDA) Fund

The RDA fund is used to account for the activities of the Redevelopment Agency. The Agency is an entity established to further public purpose in the redevelopment of particular City areas.

Library Fund

The Library Fund is used to account for the activities of the City's library which is supported primarily with a dedicated property tax levy.

Other Governmental Funds

The Cemetery Perpetual Care Fund is categorized as a non-major governmental fund and is presented by fund type in the Supplementary Information section of this report.



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BALANCE SHEET - GOVERNMENTAL FUNDS

(Page 1 of 2)

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Library Fund
ASSETS				
Cash and cash equivalents	\$ 5,159,524	\$ 11,689,920	\$ -	\$ 227,904
Investments	2,995,693	2,745,630	-	500,125
Accounts receivable (net of allowance)				
Property taxes	9,169,149	-	557,912	2,379,783
Other	697,901	5,795	-	-
Due from other governments	4,422,511	1,450	-	-
Prepaid items	51,589	-	-	18,895
Restricted cash	381	5,848,353	2,603,092	16,493
Total assets	22,496,748	20,291,148	3,161,004	3,143,200
LIABILITIES				
Accounts payable	1,243,151	123,256	611,661	20,094
Accrued liabilities	1,017,754	-	838	38,703
Due to other government	-	-	-	-
Deposits	339,708	-	1,000	-
Total liabilities	2,600,613	123,256	613,499	58,797
DEFERRED INFLOWS OF RESOURCES				
Deferred ambulance billing	463,152	-	-	-
Deferred property taxes	9,096,000	-	557,912	2,362,000
Total deferred Inflows of resources	9,559,152	-	557,912	2,362,000
FUND BALANCE				
Non-spendable	51,589	-	-	35,388
Restricted	120,909	5,974,779	1,989,593	687,015
Committed	-	-	-	-
Assigned	-	14,193,113	-	-
Unassigned	10,164,485	-	-	-
Total fund balances	10,336,983	20,167,892	1,989,593	722,403
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 22,496,748	\$ 20,291,148	\$ 3,161,004	\$ 3,143,200

The accompanying notes are an integral part of this statement.



BALANCE SHEET - GOVERNMENTAL FUNDS (continued)

(Page 2 of 2)

	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 451,249	\$ 17,528,597
Investments	981,730	7,223,178
Accounts receivable (net of allowance)		
Property taxes	-	12,106,844
Other	-	703,696
Due from other governments	-	4,423,961
Prepaid items	-	70,484
Restricted cash	-	8,468,319
Total assets	<u>1,432,979</u>	<u>50,525,079</u>
<u>LIABILITIES</u>		
Accounts payable	-	1,998,162
Accrued liabilities	-	1,057,295
Due to other government	-	-
Deposits	-	340,708
Total liabilities	<u>-</u>	<u>3,396,165</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred ambulance billing	-	463,152
Deferred property taxes	-	12,015,912
Total deferred Inflows of resources	<u>-</u>	<u>12,479,064</u>
<u>FUND BALANCE</u>		
Non-spendable	-	86,977
Restricted	-	8,772,296
Committed	1,432,979	1,432,979
Assigned	-	14,193,113
Unassigned	-	10,164,485
Total fund balances	<u>1,432,979</u>	<u>34,649,850</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 1,432,979</u>	<u>\$ 50,525,079</u>

The accompanying notes are an integral part of this statement.



RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total Fund Balance - Total Governmental Funds	\$ 34,649,850
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	84,726,994
The net pension asset is not an available resource, and therefore is not reported in the funds.	740,369
Other long-term assets are not available to pay for current period expenditures, and therefore are reported as deferred inflows of resources.	463,152
Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.	1,620,301
Deferred pension gains and deferred pension costs are not associated with the use of current financial resources and are not reported in the fund statements.	508,135
Long-term liabilities, including bonds payable and pension liability, are not due and payable in the current period, therefore not reported in the funds.	(24,950,526)
Net Position - Governmental Activities	<u>\$ 97,758,275</u>

The accompanying notes are an integral part of this statement.



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**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 GOVERNMENTAL FUNDS**

(Page 1 of 2)

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Library Fund
REVENUES				
Sales tax	\$ 20,320,116	\$ -	\$ -	\$ -
Property taxes	6,836,547	-	-	1,652,008
Tax increment	-	-	2,506,977	-
Franchise taxes	4,630,311	-	-	-
Licenses and permits	1,776,481	-	-	-
Intergovernmental	2,496,480	200,000	-	12,100
Charges for services	3,727,167	-	-	-
Fines and forfeitures	1,208,321	-	-	36,685
Emergency 911 fees	-	-	-	-
Miscellaneous	246,461	15,958	16,034	13,164
Investment income	158,978	169,958	64,578	12,521
Total revenues	<u>41,400,862</u>	<u>385,916</u>	<u>2,587,589</u>	<u>1,726,478</u>
EXPENDITURES				
General government	6,423,809	343,125	-	-
Public safety	18,821,322	526,151	-	-
Highways and public improvements	4,499,399	1,291,290	3,708,770	-
Parks, recreation, and culture	5,769,225	3,342,788	-	1,583,269
Debt service:				
Principal	214,042	-	297,000	-
Interest and fiscal charges	155,924	-	278,134	-
Pledge payment - UTOPIA debt service	1,748,359	-	-	-
Total expenditures	<u>37,632,080</u>	<u>5,503,354</u>	<u>4,283,904</u>	<u>1,583,269</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,768,782</u>	<u>(5,117,438)</u>	<u>(1,696,315)</u>	<u>143,209</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	5,898,578	-	-	-
Sale of capital assets	-	39,931	-	-
Transfers in	4,242,846	12,805,000	-	-
Transfers out	<u>(12,839,000)</u>	<u>(275,000)</u>	<u>(334,400)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,697,576)</u>	<u>12,569,931</u>	<u>(334,400)</u>	<u>-</u>
Net change of fund balance	1,071,206	7,452,493	(2,030,715)	143,209
Fund balance at beginning of year	<u>9,265,777</u>	<u>12,715,399</u>	<u>4,020,308</u>	<u>579,194</u>
Fund balance at end of year	<u>\$ 10,336,983</u>	<u>\$ 20,167,892</u>	<u>\$ 1,989,593</u>	<u>\$ 722,403</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE (continued)
GOVERNMENTAL FUNDS

(Page 2 of 2)

	Other Governmental Funds	Total Governmental Funds
REVENUES		
Sales tax	\$ -	\$ 20,320,116
Property taxes	-	8,488,555
Tax increment	-	2,506,977
Franchise taxes	-	4,630,311
Licenses and permits	-	1,776,481
Intergovernmental	-	2,708,580
Charges for services	(7,280)	3,719,887
Fines and forfeitures	-	1,245,006
Emergency 911 fees	-	-
Miscellaneous	-	291,617
Investment income	20,099	426,134
Total revenues	<u>12,819</u>	<u>46,113,664</u>
EXPENDITURES		
General government	-	6,766,934
Public safety	-	19,347,473
Highways and public improvements	-	9,499,459
Parks, recreation, and culture	-	10,695,282
Debt service:		
Principal	-	511,042
Interest and fiscal charges	-	434,058
Pledge payment - UTOPIA debt service	-	1,748,359
Total expenditures	<u>-</u>	<u>49,002,607</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,819</u>	<u>(2,888,943)</u>
OTHER FINANCING SOURCES (USES)		
Issuance of debt	-	5,898,578
Sale of capital assets	-	39,931
Transfers in	-	17,047,846
Transfers out	-	(13,448,400)
Total other financing sources (uses)	<u>-</u>	<u>9,537,955</u>
Net change of fund balance	12,819	6,649,012
Fund balance at beginning of year	<u>1,420,160</u>	<u>28,000,838</u>
Fund balance at end of year	<u>\$ 1,432,979</u>	<u>34,649,850</u>



RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balance - Total governmental funds	\$ 6,649,012
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	3,405,215
Revenue recognized in the government-wide statement of activities that are not in the fund statements.	141,254
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items	(5,288,710)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.	524,862
The net revenue of certain activities of the internal service funds are reported with governmental activities.	260,408
Change in net position - Governmental activities	\$ 5,692,041

The accompanying notes are an integral part of this statement.



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PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

The Water Fund is used to account for the activities of the City's water operations. This includes the maintenance and improvements needed to support the City's water delivery system.

Wastewater Fund

The Wastewater Fund is used to account for the activities of the City's sewer operations. The City is a joint venture partner in the Central Valley Water Reclamation Facility. This special district manages the City's wastewater treatment. The sewer connections and sewer lines are the responsibility of the City.

Power Fund

The Power Fund is used to account for the activities of the City's electrical power operations.

Storm Water Fund

The Storm Water Fund is used to account for the activities of the City's storm water operations. This includes the maintenance and improvements needed to support the City's storm water system.

Non-Major Fund

The Murray Parkway Fund, Telecom Fund, and Solid Waste Fund are categorized as non-major proprietary funds, and are presented by fund type in the Supplementary Information section of this report.

Internal Service Funds

The Central Garage Fund and Retained Risk Fund are both classified as internal service funds for the City. Both funds 'act' like a business and are therefore reported alongside the proprietary funds; however, their main source of revenue is charges for services provided to and paid for by the other governmental and proprietary funds of the City.



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STATEMENT OF NET POSITION - PROPRIETARY FUNDS
 (Page 1 of 2)

	Business-type Activities – Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,046,516	\$ 3,054,217	\$ 16,482,409	\$ 640,652
Investments	1,997,128	-	3,234,528	-
Accounts receivable (net of allowance)	748,099	365,254	3,262,125	169,168
Notes receivable	-	-	-	-
Due from other funds	180,343	-	1,156,800	-
Due from other governments	-	-	-	-
Inventory	-	-	2,513,158	-
Prepaid items	-	-	938	-
Total current assets	<u>3,972,086</u>	<u>3,419,471</u>	<u>26,649,958</u>	<u>809,820</u>
Noncurrent assets				
Restricted cash	163,588	408,064	-	1,657,987
Notes receivable	-	-	-	-
Investments in joint ventures	-	2,691,911	-	-
Capital assets				
Land	2,155,313	455,921	1,691,650	2,344,849
Construction in progress	958,876	45,599	-	31,473
Buildings	933,325	949,132	3,462,645	-
Infrastructure	33,951,291	14,411,665	76,827,593	38,487,944
Equipment	3,285,896	1,356,948	13,630,224	1,435,599
Intangibles	-	-	3,759,027	-
Accumulated depreciation and amortization	(19,028,935)	(8,295,334)	(70,465,121)	(29,071,011)
Total noncurrent assets	<u>22,419,354</u>	<u>12,023,906</u>	<u>28,906,018</u>	<u>14,886,841</u>
Total assets	<u>26,391,440</u>	<u>15,443,377</u>	<u>55,555,976</u>	<u>15,696,661</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond refunding loss	107,593	64,309	-	-
Deferred pension costs	390,211	174,621	1,406,783	138,023
Total deferred outflows of resources	<u>497,804</u>	<u>238,930</u>	<u>1,406,783</u>	<u>138,023</u>
LIABILITIES				
Current liabilities				
Accounts payable	424,621	145,759	2,674,777	60,181
Accrued liabilities	58,515	26,881	319,624	25,558
Due to other funds	-	-	-	-
Due to other government	-	-	-	-
Interest payable	13,599	47,335	-	61,913
Compensated absences	129,518	64,310	458,832	38,556
Notes payable	-	-	-	-
Bonds and leases payable	328,588	312,412	-	225,000
Customer deposits	17,782	-	1,826,970	-
Total current liabilities	<u>972,623</u>	<u>596,697</u>	<u>5,280,203</u>	<u>411,208</u>
Noncurrent liabilities				
Compensated absences	122,420	35,939	328,661	21,546
Net pension payable	400,557	179,251	1,444,081	141,683
Notes payable	-	-	-	-
Bonds and leases payable	1,783,767	3,041,233	-	4,264,430
Total noncurrent liabilities	<u>2,306,744</u>	<u>3,256,423</u>	<u>1,772,742</u>	<u>4,427,659</u>
Total liabilities	<u>3,279,367</u>	<u>3,853,120</u>	<u>7,052,945</u>	<u>4,838,867</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension gains	363,056	162,469	1,308,883	128,418
Total deferred Inflows of resources	<u>363,056</u>	<u>162,469</u>	<u>1,308,883</u>	<u>128,418</u>
NET POSITION				
Net investment in capital assets	20,251,004	5,634,595	28,906,018	8,739,424
Restricted				
Capital	-	87,973	-	1,657,647
Impact fees	163,534	147,273	-	-
Debt service	54	172,818	-	341
Unassigned	2,832,229	5,624,059	19,694,913	469,987
Total net position	<u>\$ 23,246,821</u>	<u>\$ 11,666,718</u>	<u>\$ 48,600,931</u>	<u>\$ 10,867,399</u>

The accompanying notes are an integral part of this statement



STATEMENT OF NET POSITION - PROPRIETARY FUNDS (continued)

(Page 2 of 2)

	Business-type Activities – Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 906,271	\$ 22,130,065	\$ 1,846,538
Investments	-	5,231,656	154,231
Accounts receivable (net of allowance)	139,803	4,684,449	-
Notes receivable	34,100	34,100	-
Due from other funds	-	1,337,143	-
Due from other governments	-	-	-
Inventory	50,726	2,563,884	69,292
Prepaid items	-	938	-
Total current assets	1,130,900	35,982,235	2,070,061
Noncurrent assets			
Restricted cash	-	2,229,639	-
Notes receivable	335,157	335,157	-
Investments in joint ventures	-	2,691,911	-
Capital assets			
Land	326,336	6,974,069	-
Construction in progress	69,516	1,105,464	-
Buildings	873,119	6,218,221	-
Infrastructure	6,009,093	169,687,586	-
Equipment	1,328,007	21,036,674	249,493
Intangibles	-	3,759,027	-
Accumulated depreciation and amortization	(5,584,535)	(132,444,936)	(113,203)
Total noncurrent assets	3,356,693	81,592,812	136,290
Total assets	4,487,593	117,575,047	2,206,351
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding loss	-	171,902	-
Deferred pension costs	214,092	2,323,730	124,302
Total deferred outflows of resources	214,092	2,495,632	124,302
LIABILITIES			
Current liabilities			
Accounts payable	108,584	3,413,922	11,987
Accrued liabilities	169,894	600,472	272,941
Due to other funds	1,337,143	1,337,143	-
Due to other government	-	-	-
Interest payable	-	122,847	-
Compensated absences	71,108	762,324	29,839
Notes payable	34,100	34,100	-
Bonds and leases payable	-	866,000	-
Customer deposits	-	1,844,752	-
Total current liabilities	1,720,829	8,981,560	314,767
Noncurrent liabilities			
Compensated absences	39,738	548,304	16,045
Net pension payable	219,768	2,385,340	127,598
Notes payable	335,157	335,157	-
Bonds and leases payable	-	9,089,430	-
Total noncurrent liabilities	594,663	12,358,231	143,643
Total liabilities	2,315,492	21,339,791	458,410
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	199,193	2,162,019	115,652
Total deferred inflows of resources	199,193	2,162,019	115,652
NET POSITION			
Net investment in capital assets	3,021,536	66,552,577	136,290
Restricted	-	-	-
Capital	-	1,745,620	-
Impact fees	-	310,807	-
Debt service	-	173,213	-
Unassigned	(834,536)	27,786,652	1,620,301
Total net position	\$ 2,187,000	\$ 96,568,869	\$ 1,756,591

The accompanying notes are an integral part of this statement.



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
 (Page 1 of 2)

	Business-type Activities – Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
<u>OPERATING REVENUES</u>				
Charges for services	\$ 5,492,867	\$ 4,494,621	\$ 34,077,303	\$ 1,863,519
Connection and servicing fees	16,149	3,000	231,044	-
Other	11,671	5,792	2,925,410	3,892
Total operating revenues	<u>5,520,687</u>	<u>4,503,413</u>	<u>37,233,757</u>	<u>1,867,411</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	1,547,251	755,954	5,381,296	638,587
Administrative fees	676,757	416,547	1,756,930	107,245
Operations and maintenance	1,480,765	4,953,917	21,944,146	364,099
Depreciation and amortization	1,046,991	513,482	3,060,049	1,362,480
Total operating expenses	<u>4,751,764</u>	<u>6,639,900</u>	<u>32,142,421</u>	<u>2,472,411</u>
Operating income (loss)	<u>768,923</u>	<u>(2,136,487)</u>	<u>5,091,336</u>	<u>(605,000)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment income	57,538	53,255	458,210	47,420
Interest and fiscal charges	(75,962)	(108,388)	-	(141,285)
Impact fees	229,977	239,398	155,311	11,475
Equity in income of joint venture	-	-	-	-
Gain/(loss) on disposal of assets	(44,755)	-	1,301	(62,804)
Total nonoperating revenues (expenses)	<u>166,798</u>	<u>184,265</u>	<u>614,822</u>	<u>(145,194)</u>
Income (loss) before contributions and transfers	935,721	(1,952,222)	5,706,158	(750,194)
Capital contributions	148,047	46,526	16,000	45,800
Transfers in	-	21,125	21,125	-
Transfers out	(429,034)	(349,946)	(2,896,382)	(145,800)
Change in net position	<u>654,734</u>	<u>(2,234,517)</u>	<u>2,846,901</u>	<u>(850,194)</u>
Total net position, beginning	22,592,087	12,517,905	45,754,030	11,717,593
Prior period adjustment	-	1,383,330	-	-
Total net position, ending	<u>\$ 23,246,821</u>	<u>\$ 11,666,718</u>	<u>\$ 48,600,931</u>	<u>\$ 10,867,399</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
 (Page 2 of 2)

	Business-type Activities - Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
<u>OPERATING REVENUES</u>			
Charges for services	\$ 2,994,806	\$48,923,116	\$ 1,469,034
Connection and servicing fees	-	250,193	-
Other	944	2,947,709	-
Total operating revenues	<u>2,995,750</u>	<u>52,121,018</u>	<u>1,469,034</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	961,039	9,284,127	601,340
Administrative fees	123,455	3,080,934	-
Operations and maintenance	1,657,711	30,400,638	623,116
Depreciation and amortization	309,425	6,292,427	15,333
Total operating expenses	<u>3,051,630</u>	<u>49,058,126</u>	<u>1,239,789</u>
Operating income (loss)	<u>(55,880)</u>	<u>3,062,892</u>	<u>229,245</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	10,291	626,714	28,517
Interest and fiscal charges	(29,465)	(355,100)	-
Impact fees	-	636,161	-
Equity in income of joint venture	-	-	-
Gain/(loss) on disposal of assets	898	(105,360)	2,646
Total nonoperating revenues (expenses)	<u>(18,276)</u>	<u>802,415</u>	<u>31,163</u>
Income (loss) before contributions and transfers	<u>(74,156)</u>	<u>3,865,307</u>	<u>260,408</u>
Capital contributions	-	256,373	-
Transfers in	309,000	351,250	-
Transfers out	(129,534)	(3,950,696)	-
Change in net position	<u>105,310</u>	<u>522,234</u>	<u>260,408</u>
Total net position, beginning	<u>2,081,690</u>	<u>94,663,305</u>	<u>1,496,183</u>
Prior period adjustment	-	1,383,330	-
Total net position, ending	<u>\$ 2,187,000</u>	<u>\$96,568,869</u>	<u>\$ 1,756,591</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
 (Page 1 of 2)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 5,540,113	\$4,500,059	\$ 37,136,109	\$ 1,855,344
Payments to suppliers of goods and services	(1,150,695)	(4,991,300)	(22,578,527)	(320,220)
Payments to employees for services	(1,534,948)	(731,984)	(5,412,908)	(634,107)
Payment for interfund services	(676,757)	(416,547)	(1,756,930)	(107,245)
Investments in joint venture	-	2,696,553	-	-
Net cash provided (used) by operating activities	<u>2,177,713</u>	<u>1,056,781</u>	<u>7,387,744</u>	<u>793,772</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	21,125	21,125	-
Transfers to other funds	(429,034)	(349,946)	(2,896,382)	(145,800)
Changes to interfund receivables and payables	42,898	-	93,200	-
Net cash provided (used) by noncapital financing activities	<u>(386,136)</u>	<u>(328,821)</u>	<u>(2,782,057)</u>	<u>(145,800)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	-	-	32,886	-
Purchases of capital assets	(1,250,043)	(105,122)	(772,321)	(1,589,891)
Impact fees	229,977	239,398	155,311	11,475
Proceeds from issuance of debt	-	-	-	-
Principal paid on debt	(322,329)	(304,671)	-	(232,986)
Interest and fiscal charges paid on capital debt	(59,326)	(86,775)	-	(143,557)
Net cash provided (used) by capital and related financing activities	<u>(1,401,721)</u>	<u>(257,170)</u>	<u>(584,124)</u>	<u>(1,954,959)</u>
Cash flows from investing activities				
Sale (purchase) of investments	(25,953)	-	204,779	-
Investment income	57,538	53,255	458,210	47,420
Net cash provided by investing activities	<u>31,585</u>	<u>53,255</u>	<u>662,989</u>	<u>47,420</u>
Net increase (decrease) in cash and cash equivalents	421,441	524,045	4,684,552	(1,259,567)
Cash and cash equivalents - beginning of year	788,663	2,938,236	11,797,857	3,558,206
Cash and cash equivalents - end of year	<u>\$ 1,210,104</u>	<u>\$3,462,281</u>	<u>\$ 16,482,409</u>	<u>\$ 2,298,639</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$768,923	\$ (2,136,487)	\$ 5,091,336	\$(605,000)
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	1,046,991	513,482	3,060,049	1,362,480
Investments in joint ventures	-	2,696,553	-	-
(Increase) decrease in receivables	19,426	(3,354)	111,716	(12,067)
(Increase) decrease in inventory and prepaid items	-	-	(89,557)	-
(Increase) decrease in liabilities	342,373	(13,413)	(785,800)	48,359
Net cash provided by operating activities	<u>\$ 2,177,713</u>	<u>\$1,056,781</u>	<u>\$ 7,387,744</u>	<u>\$793,772</u>
Noncash investing, capital and financing activities				
Capital contributions, developers	\$148,047	\$ 46,526	\$16,000	\$45,800

The accompanying notes are an integral part of this statement.



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Page 2 of 2)

	Business-type Activities - Enterprise Funds		Governmental Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 2,992,477	\$ 52,024,102	\$ 1,469,034
Payments to suppliers of goods and services	(1,635,075)	(30,675,517)	(651,648)
Payments to employees for services	(918,929)	(9,232,876)	(584,440)
Payment for interfund services	(123,455)	(3,080,934)	-
Investments in joint venture	-	2,696,553	-
Net cash provided (used) by operating activities	<u>315,018</u>	<u>11,731,028</u>	<u>232,946</u>
Cash flows from noncapital financing activities			
Transfers from other funds	309,000	351,250	-
Transfers to other funds	(129,534)	(3,950,696)	-
Changes to interfund receivables and payables	(136,098)	-	-
Net cash provided (used) by noncapital financing activities	<u>43,368</u>	<u>(3,599,446)</u>	<u>-</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	898	33,784	2,646
Purchases of capital assets	(80,045)	(3,797,422)	(44,016)
Impact fees	-	636,161	-
Proceeds from issuance of debt	-	-	-
Principal paid on debt	-	(859,986)	-
Interest and fiscal charges paid on capital debt	(29,465)	(319,123)	-
Net cash provided (used) by capital and related financing activities	<u>(108,612)</u>	<u>(4,306,586)</u>	<u>(41,370)</u>
Cash flows from investing activities			
Sale (purchase) of investments	-	178,826	(154,231)
Investment income	10,291	626,714	28,517
Net cash provided by investing activities	<u>10,291</u>	<u>805,540</u>	<u>(125,714)</u>
Net increase (decrease) in cash and cash equivalents	260,065	4,630,536	65,862
Cash and cash equivalents - beginning of year	<u>646,206</u>	<u>19,729,168</u>	<u>1,780,676</u>
Cash and cash equivalents - end of year	<u>\$ 906,271</u>	<u>\$ 24,359,704</u>	<u>\$ 1,846,538</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (55,880)	\$ 3,062,892	\$ 229,245
Adjustments to reconcile operating income to net cash provided by:			
Depreciation and amortization	309,425	6,292,427	15,333
Investments in joint ventures	-	2,696,553	-
(Increase) decrease in receivables	(3,273)	112,448	-
(Increase) decrease in inventory and prepaid items	5,569	(83,988)	(9,492)
(Increase) decrease in liabilities	59,176	(349,305)	(2,139)
Net cash provided by operating activities	<u>\$ 315,017</u>	<u>\$ 11,731,027</u>	<u>\$ 232,947</u>
Noncash investing, capital and financing activities			
Capital contributions, developers	\$ -	\$ 256,373	\$ -

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Murray City (the City) are prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing accounting and financial reporting principles for governmental entities. The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

Murray City was incorporated January 3, 1903, under laws of the state of Utah. The City operates under a Council-Mayor form of municipal government.

The Council-Mayor form of municipal government was created by the Laws of Utah 1977, Chapter 48. This form of government may not be adopted by a city or town without voter approval. This form has two separate, independent, and equal branches of municipal government consisting of a legislative branch and an executive branch.

The Council is a five-member body of elected officials which act as the legislative branch authority for the City. The Council elects one of its members to be the chair. The Council enacts laws, appropriates funds, and reviews municipal administration. In addition, the Council determines (by ordinance or resolution) the broad policy for the City as well as some specific policies such as the manner in which municipal property is bought, sold, traded, encumbered, or otherwise transferred; and a subdivision or annexation is approved, disapproved, or otherwise regulated.

The Mayor is the chief executive and administrative officer. He or she exercises the executive and administrative powers and performance of the City. The Mayor has the responsibility to execute the policies adopted by the Council. With the Council's advice and consent, the Mayor appoints qualified persons to the City's officers and positions. While not a member of the Council, the Mayor may attend each Council meeting, take part in council meeting discussions, and freely give advice to the Council.

The City is considered a full-service municipality and provides the following services: public safety, judicial services, highways and streets, sanitation, parks, recreation, water, power, planning and zoning, and general administrative services.

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in GASB Statement No. 14, as amended. This Statement requires the City to include in this report the activities of any other entity which is determined to be a component unit of the City. The primary criterion which determines this nexus is financial accountability.

The City is financially accountable if the City appoints a voting majority of that organizations board or there is a potential to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City).

Blended component units, although legally separate entities, are in substance, part of the governments' operations, and so data from these units are combined with data of the primary government.

Discretely presented component units, if any, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Blended Component Units

The Redevelopment Agency of Murray City (RDA) was established in 1976 to prepare and carry out plans to improve, rehabilitate, and redevelop blighted areas within the City. The RDA is governed by the executive director who is the City Mayor and a board of trustees composed by members of the Municipal Council. Although it is a legally separate entity from the City, the RDA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the RDA. The RDA is included in these financial statements as the Redevelopment Agency Special Revenue Fund. Separate financial statements are not issued for the RDA.

The Municipal Building Authority of Murray City (MBA) was established to finance and construct municipal buildings that are then leased to the City. The MBA is governed by a five-member board of trustees composed of the Municipal Council. Although it is a legally separate entity from the City, the MBA is reported as if it were part of the primary government because of the City's ability to impose its will upon the operations of the MBA. In fiscal year 2014, all remaining assets of the MBA were transferred to the General Fund, and the MBA was placed into dormancy. Separate financial statements are not issued for the MBA.

Investment in Joint Venture

The City is a partner with neighboring cities in two (2) joint ventures. The first is known as Trans-Jordan Cities, and the purpose is to provide solid waste management and disposal services. The second joint venture is known as Central Valley Water Conservancy District, and the purpose is to provide wastewater treatment. Investment in both of these joint ventures is accounted for using the equity method.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the City's activities and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely mainly on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and enterprise funds are reported as separate columns in the financial statements.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City's policy, for revenues to be considered available, is if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences, claims, and judgments are recorded only when payment is due.

Sales taxes, use taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Property taxes are measurable as of the date levied (assessed) and are recognized as revenues when they become available. Available is defined as when due, or past due, and received within the current period or collected soon enough thereafter (within 60 days) to be used to pay liabilities of the current period. All other revenues are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources, except for those required to be accounted for in another fund.

The *Capital Projects Fund* accounts for the financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary funds.

The *Redevelopment Agency Fund* is considered a blended component unit of the City, and is reported as a special revenue fund which accounts for the activities of the agency,. The agency is an entity established to further public purpose in the redevelopment of the Central Business District, East Vine, Cherry Street, Fireclay, and Smelter Site redevelopment project areas. The major source of revenue for this fund is tax increment.

The *Library Fund* accounts for the financial resources to be used for the operation and maintenance of the City's library.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water treatment and distribution operations.

The *Wastewater Fund* accounts for the operation and maintenance of the City's wastewater collection system and sewage treatment.

The *Power Fund* accounts for the activities of the City's electrical production and distribution operations.

The *Storm Water Fund* accounts for the activities of the City's storm water drainage system.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (continued)

Additionally, the City reports the following fund types:

Special Revenue Funds are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are restricted or committed to expenditures for specified purposes.

Internal Service Funds are used to account for goods or services provided to other funds on a cost-reimbursement basis.

The effects of interfund activity have been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents, and Investments

Cash & Cash Equivalents are generally considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the purchase date.

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". Unbilled sales receivables for June 30, 2018 were estimated based on an average of June and July revenues less year end accounts receivable.

Receivables on the financial statements are shown net of allowance for uncollectible accounts. The allowance adjustment is estimated annually based on historical trends and professional judgment.

Inventories and Prepaid Items

Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection, and treatment systems are valued at cost and accounted for on the first in, first out method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Restricted Cash

Restricted cash is comprised of cash restricted for future debt service payments, impact fees, and unexpended portions of bonds issued for capital construction.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Donated capital assets are recorded at acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Land. Acquisition cost (or fair market value), that ready land for use. The costs associated with improvements to land (site preparation and improvements other than buildings) are added to the cost of the land. All acquisitions of land are capitalized. Land is an inexhaustible asset and does not depreciate over time.

Buildings. A structure that is permanently attached to the land, has a roof, is partially or completely enclosed by walls, and is not intended to be transportable or moveable. This class also includes all building improvements. This class of assets has a purchase cost or cost of construction of \$12,000 or greater.

Infrastructure. Long-lived capital assets that are normally stationary in nature and can be preserved for a significantly greater number of years than most other capital assets. These assets are often linear, continuous, or part of a system (power system, water system, wastewater system, storm water system, parks system, sidewalk system, road system). This class also includes all improvements that add value to land, but do not have an indefinite useful life. This class of assets has a purchase cost or cost of construction of \$12,000 or greater.

Machinery and equipment. Items in this class are vehicles, information technology, and similar moveable items. This class of assets has a purchase cost of \$5,000 or greater.

Construction in progress. Costs incurred to construct or develop a tangible or intangible capital asset before it is substantially ready to be placed into service (at which time the asset would be reclassified into the appropriate major class).

Buildings, infrastructure, machinery and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 30 years
Infrastructure	25 to 50 years
Machinery and equipment	3 to 15 years



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then.

Items that qualify for reporting in the government-wide statement of net position in this category are the resource related to pensions and losses related to bond refundings.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has one item, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes, while the governmental funds balance sheet also reports unavailable revenue due to ambulance billing. In addition, the statement of net position reports *resources related to pensions*, which relates to the differences between expected and actual experience along with changes in assumptions for the City's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

Customer Deposits

Enterprise fund customer deposits are required by the City for residential renters and any business receiving a utility connection. The deposit is refundable after 2 years for residential and business customers upon satisfactory payment history.

Compensated Absences

For governmental funds, the amount of accumulated vacation leave, sick pay, and comp time not expected to be liquidated with available financial resources is reported as a liability in the government-wide statement of net position and as expense in the government-wide statement of activities. No expenditure is reported for this amount in the fund financial statements. Accumulated vacation leave, sick pay and comp time of proprietary funds is recorded as an expense and a liability of those funds as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Sick pay amounts are charged as expenditures when incurred. Employees may accumulate sick leave without limitation. Upon retirement, a percentage of accumulated sick leave is paid to employees based upon the number of years worked. Historically, compensated absences are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the general fund.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Property Taxes

In Utah, a municipality is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council holds this authorization for Murray City, and must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

In Utah, county governments assess, levy, collect and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th.

The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Long-term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the applicable debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, when incurred. The face amount of debt issued is reported as other financing sources. While discounts on debt issuances are reported as other financing uses. Issuance costs are reported as debt service expense or expenditure in the period incurred.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance

The City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*, in fiscal year 2011. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor them. The City first determines and reports non-spendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

Non-spendable. This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, long-term receivables, and endowments are classified as non-spendable.

Restricted. This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include debt service, impact fees, unspent capital lease proceeds, grant revenue, police forfeiture money, and liquor allotment from the state of Utah.

Committed. This category includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. The City Council has committed the entire fund balance of the Cemetery Perpetual Care Fund for the care and maintenance of the cemetery.

Assigned. This fund balance classification includes amounts that are constrained by the City's intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Finance Director/Budget Officer. This requires the Mayor to propose the resources to be set aside and Council to ratify this action subsequent to the end of the fiscal period. Also included are all remaining amounts that are reported in governmental funds, other than the general fund, that are not classified as non-spendable, restricted, or committed which are intended for specific purposes.

Unassigned. This category consists of all other resources that are not required to be reported in one of the other four fund balance categories. This category is only used in the general fund. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund.

The City currently has multiple general fund assignments as detailed on the next page.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance (continued)

The City adopted into ordinance these fund balance definitions and policies on November 19, 2013.

The City does not have a formal minimum fund balance policy. The City adheres to Utah Code §10-6-116(4) which requires a minimum fund balance of 5 percent of total revenues to be maintained in the general fund. For fiscal year 2018, this amount is \$2,070,043.

When an expenditure is incurred for which amounts from both restricted and unrestricted resources could be used, it is the City's policy to use restricted resources first before using unrestricted resources. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, then assigned, and finally unassigned.

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted net position is applied.

The General Fund is the only fund that reports a positive unassigned fund balance amount; however, in other governmental funds, it is not appropriate to report a positive unassigned fund balance amount.

In governmental funds, other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Use of Estimates

Presenting financial statements in conformity with GAAP requires management to make certain estimates concerning assets, liabilities, revenue, and expenses. Actual results may vary from these estimates.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budget Process

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the state of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with GAAP, and all funds have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to or on the first council meeting in May, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the proposed sources of revenues.
2. Between the first council meeting in May and June 20th, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20th, a public hearing is held and the budget is legally adopted through passage of a resolution.
3. After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund. Other budget openings occur throughout the year as deemed necessary with council approval following a public hearing.
4. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.
5. Annual budgets for the General Fund, Capital Projects Fund, and all Special Revenue Funds (Library Fund, Redevelopment Agency Fund, and Cemetery Care Fund) were prepared on the modified-accrual method of accounting and legally adopted by the Municipal Council.
6. Encumbrances (commitments related to unpaid purchase orders or contracts for goods or services) are used only as an internal management control device during the year. All outstanding encumbrances lapse at year end. However, some encumbered amounts are re-authorized and honored as part of the following year's budget.
7. Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus budget for governmental funds.



NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position.

This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Capital-related items. When capital assets that are to be used in governmental activities are purchased or constructed, the costs of these assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City.

Cost of capital assets	\$168,295,687
Accumulated depreciation	(85,585,031)
Investment in joint venture	<u>2,016,338</u>
Total difference	<u>\$ 84,726,994</u>

Long-term debt transactions. Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund statements. All liabilities (both current and long-term) are reported in the statement of net position.

Net pension liability	\$ (7,495,328)
Bonds payable	(13,226,000)
Compensated absences	(3,150,345)
Bond premium (to be amortized to interest income)	(973,939)
Capital lease payable	(35,590)
Accrued interest payable	<u>(69,324)</u>
Total difference	<u>\$ (24,950,526)</u>

Deferred Inflows and Outflows Related to Pensions. Deferred inflows and outflows related to the City's net pension asset and net pension liability represent acquisition and consumption of net position that are not applicable in the current period, and therefore not reported in the governmental funds balance sheet. However, these deferred inflows and outflows are reported in the statement of net position.

Deferred pension gains	\$ (6,793,603)
Deferred pension costs	<u>7,301,738</u>
Total difference	<u>\$ 508,135</u>

Internal service funds. Internal service funds are used by management to charge the costs of fleet management and risk management to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position.

Ending net position of the Central Garage Fund	\$ 295,785
Ending net position of the Retained Risk Fund	1,460,806
Net investment in capital assets, Central Garage	<u>(136,290)</u>
Total difference	<u>\$ 1,620,301</u>



NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position (continued)

Long-term assets. Other long-term assets are not available to pay for current period expenditures, and therefore are reported as deferred inflows of resources.

Deferred ambulance billings	\$ 463,152
Total difference	<u>\$ 463,152</u>

The net pension asset is not an available resource, and therefore is not reported in the funds.

Net pension asset	\$ 740,369
Total difference	<u>\$ 740,369</u>

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

Capital assets. The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.

In the statement of activities, only the *gain* on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.

Capital outlay	\$ 7,720,404
Depreciation expense	(4,499,518)
Developer contributions	228,588
Cost of capital assets sold	<u>(44,259)</u>
Total difference	<u>\$ 3,405,215</u>

Revenue. Revenues recognized in the government-wide statement of activities that are not in the fund statements.

Change in deferred ambulance billing	\$ 141,254
Total difference	<u>\$ 141,254</u>



NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (continued)

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Net Activities (continued)

Long-term debt. The issuance of long-term debt provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issued or incurred:	
2018 Sales tax revenue bond	\$ (5,540,000)
Bond Premium	(358,578)
Principal payments:	
Sales tax revenue bonds	432,000
Capital leases	79,042
Interest expense	(21,619)
Bond premium amortization	120,445
Total difference	<u>\$ (5,288,710)</u>

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	\$ 62,193
Investment in joint venture	166,526
Change in net pension asset	630,074
Change in net pension liability	3,914,633
Change in deferred pension gains	(4,571,141)
Change in deferred pension costs	322,577
Total difference	<u>\$ 524,862</u>

The net revenue of certain activities of the internal service funds are reported with governmental activities.

Change in net position from the Central Garage Fund	\$ 71,679
Change in net position from the Retained Risk Fund	188,729
Total difference	<u>\$ 260,408</u>



NOTE 3 - PROPERTY TAXES

The Salt Lake County Treasurer acts as an agent for the City and collects and distributes the City's property tax revenue. Utah state laws establish the process by which taxes are levied and collected. The property tax calendar is as follows:

1. By June 8, the City receives valuation, certified tax rate, and levy worksheet forms via the state of Utah's certified tax rate website (www.taxrates.utah.gov).
2. Before June 22, the City holds a public hearing and adopts a proposed tax rate. This proposed tax rate is then submitted to the County Auditor for review via the website.
3. Before July 22 (if the City proposes a tax rate higher than the certified tax rate), the County Auditor mails a notice of intent to exceed the certified tax rate to property owners. This notice is normally combined with the tax notice.
4. By August 17, the City holds a public hearing and adopts the final tax rate and certifies the tax rate with the County Auditor.
5. Between August 8 and August 22, taxpayers may petition the County Board of Equalization for an adjustment in the taxable value of the real property.
6. By November 1, the County Auditor approves changes in taxable value of the real property and the County Treasurer mails tax notices with a due date of November 30. Payments made after November 30 are considered delinquent and are subject to a penalty.
7. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the real property, and the amount of taxes and penalties bear interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale.

For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes and has recorded a receivable and a corresponding deferred inflow of resources for the assessed amount of those property taxes as of January 1, 2018. Most of the tax will not be received until the following fiscal year.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

Detailed cash, cash equivalent, and investment accounting records are maintained for each individual fund. However, to provide the maximum amount of interest earnings on all funds of the City, all cash is pooled for deposit and investment purposes.

The City follows the requirements of the Utah Money Management Act (Utah Code, Section 51, Chapter 7) in handling its depository and temporary investment transactions. This law requires the depositing of City funds in a "qualified depository." The Act defines a "qualified depository" as any financial institution whose deposits are insured by an agency of the Federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements as defined in Rule 11 of the Utah Money Management Act. Rule 11 establishes the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and defines capital requirements, which an institution must maintain to be eligible to accept public funds. The Utah Money Management Act also defines the types of securities allowed as appropriate temporary investments for the City and the conditions for making investment transactions. Investment transactions are to be conducted through qualified depositories or primary reporting dealers.



NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s deposits are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC), with the exception of the Gold International Sweep Account held with Zions Bank. The amount in this account as of June 30, 2018, was \$1,815,500. Deposits above \$250,000 per bank are exposed to credit risk.

As of June 30, 2018, the City’s bank balance deposit carrying value was \$65,427,416. Of this amount, \$65,177,416 was subject to custodial credit risk because it is uninsured. The City has no formal policy regarding custodial credit risk.

A summary of restricted and unrestricted cash, cash equivalents, and investments at June 30, 2018 is as follows:

Restricted	\$ 10,697,958
Unrestricted	54,114,266
Total	<u>\$ 64,812,224</u>
Cash	\$ 11,682,545
Cash equivalents and investments	53,129,679
Total	<u>\$ 64,812,224</u>

B. Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act (the Act). The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s investor Service or Standard & Poor’s; bankers acceptances; obligations of the U.S. treasury and U.S. government sponsored enterprise; bonds and notes of political subdivision of the state of Utah; fixed rate corporate obligations and variable rated securities rated “A” or higher by two nationally recognized statistical rating services as defined in the Act.

The City is authorized to invest in the Utah Public Treasurers’ Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the SEC as an investment company and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to the participants on an amortized cost basis. The interest income, gains and losses, net of administration fees of the PTIF are allocated based upon the participants’ average daily balances.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the Utah Money Management Act. The Act details authorized investments which are high-grade securities and, therefore, subject to very little credit risk except in the most unusual and unforeseen circumstances. The quality ratings for the City’s investments are noted in section F below.



NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of the investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity of commercial paper to 270 days and fixed rate negotiable deposits and corporate obligations to 365 days or less. Maturities of the City's investments are noted in section F below.

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's policy to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending on the total dollar amount held in the City's portfolio at the time of purchase.

Below are investments at fair market value which have a concentration of credit risk in excess of 5% of the City's investment portfolio. None of the investments reach the maximum 10% concentration level, therefore the City complies with the limitations of the Act.

The total fair market value of the City's investment portfolio (excluding funds in the PTIF) at fiscal year-end is \$12,609,066. Below is a list of issuers with concentration amounts between 5% - 10%.

Issuer	Investment at Fair Market Value	% of Total Investments
Goldman Sachs Group Inc	\$ 845,000	6.68%
Barclays Bank PLC	840,000	6.64%
Bank of America Corp	748,000	5.92%
Citigroup Inc	700,000	5.54%



NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

E. Investments

The City's investments are governed by state statutes. The following investment options have been approved for City funds:

1. Negotiable or nonnegotiable deposits of qualified depositories;
2. Repurchase agreements with qualified depositories or primary reporting dealers, acting as principal for securities of the United States Treasury or other authorized investments, only if these securities are delivered to the custody of the City Treasurer or the City's safekeeping bank or are conducted with a qualified depository;
3. Commercial paper classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Service or Standard & Poor's;
4. Bankers' acceptances that are eligible for discount at a federal reserve bank and which have a remaining term to maturity of 270 days or less;
5. Negotiable interest-bearing deposits of \$100,000 or more which have a remaining term to maturity of 365 days or less;
6. Obligations of the United States Treasury including United States Treasury Bills, United States Treasury Notes, and United States Treasury Bonds;
7. Obligations issued or fully guaranteed as to principal and interest by the following agencies or instrumentalities of the United States in which a market is made by a primary reporting government securities dealer: Federal Home Loan Banks, Federal Farm Credit Banks, Federal National Mortgage Association, Federal Agricultural Mortgage Corporation, Federal Home Loan Mortgage Corporation, Tennessee Valley Authority, or Student Loan Marketing Association;
8. Utah State Treasurer's Investment Fund; and
9. Fixed and variable rate corporate obligations that meet criteria under the Utah Money Management Act.

The City invests in the Public Treasurer's Investment Fund (PTIF), which is an external investment pool administered by the Utah State Treasurer. The PTIF is available for investment of funds administered by any Utah public treasurer. There is no required participation and no minimum balance or minimum/maximum transaction requirements. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Utah Money Management Act. The Act establishes the Money Management Council, which oversees the activities of the State Treasurer and the PTIF. Deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participant's balance is their investment deposited in the PTIF plus their share of income, gains, and losses net of administration fees, which is allocated to each participant on the ratio of each participant's share to the total funds. The participant's monthly investment amount is based upon their average daily balance.



NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

F. Fair Value of Investments

The City measures and records its investments using the fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

Twice a year, at June 30 and December 31, the investments are valued at fair value and participants are informed of the valuation factor that enables them to adjust their statement balances to fair value. As of June 30, 2018, the City's fair value investments in the PTIF were \$147,232 more than the amortized cost of \$38,868,520.

The City's investments have been adjusted to show this increase in value. As of June 30, 2018, the City's \$39,015,752 investment in the PTIF had an average adjusted maturity of less than one year (Level 2 inputs).

The City also invests with Moreton Financial Advisors (Moreton). Moreton invests in money market funds and short and intermediate-term fixed income securities (including taxable, tax-exempt, or tax advantaged). Moreton meets the requirements of the Utah Money Management Act.

For the year ended June 30, 2018, the City's fair value investments in Moreton were \$112,071 less than the amortized cost of \$12,721,137. The City's Moreton investment has been adjusted to show this decrease in value. As of June 30, 2018, the City's \$12,609,066 investment with Moreton had an average final maturity of 1.060 years (Level 2 input).

The following are the City's investments as of June 30, 2018:

	Investment Maturities (in years)		Quality Ratings
	Less than 1	1-5	
Money Market	\$ 1,720,678	\$ -	Not rated
Utah Public Treasurer's Investment Fund	38,868,520	-	Not rated
U.S. Gov't or U.S. Agencies	199,639	4,513,788	AA+
Corporate Notes	7,287,203	539,850	A+/A/AA-/BBB+
Total investments	\$ 48,076,040	\$ 5,053,638	



NOTE 5 – RECEIVABLES

Receivables as of year-end for the government’s individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Accounts receivable	Property tax	Inter-governmental	Gross receivables	Less: Allowance for uncollectable accounts	Total receivables, net
General Fund	\$ 1,357,392	\$ 9,169,149	\$ 4,422,511	\$ 14,949,052	\$ (659,491)	\$ 14,289,561
Capital Projects	5,795	-	1,450	7,245	-	7,245
Redevelopment	-	557,912	-	557,912	-	557,912
Library	-	2,379,783	-	2,379,783	-	2,379,783
Water	753,006	-	-	753,006	(4,907)	748,099
Wastewater	369,779	-	-	369,779	(4,525)	365,254
Power	3,337,101	-	-	3,337,101	(74,976)	3,262,125
Storm Water	170,867	-	-	170,867	(1,699)	169,168
Non-major	175,728	-	-	175,728	(1,825)	173,903
	<u>\$ 6,169,668</u>	<u>\$ 12,106,844</u>	<u>\$ 4,423,961</u>	<u>\$ 22,700,473</u>	<u>\$ (747,423)</u>	<u>\$ 21,953,050</u>

NOTE 6 – INTERFUND TRANSFERS

	Transfer In					Total
	General Fund	Capital Projects Fund	Wastewater Fund	Power Fund	Non-Major Proprietary	
Transfers Out:						
General	\$ -	\$ 12,805,000	\$ -	\$ -	\$ 34,000	\$ 12,839,000
Capital Projects	-	-	-	-	275,000	275,000
Redevelopment	292,150	-	21,125	21,125	-	334,400
Water	429,034	-	-	-	-	429,034
Wastewater	349,946	-	-	-	-	349,946
Power	2,896,382	-	-	-	-	2,896,382
Storm Water	145,800	-	-	-	-	145,800
Non-major	129,534	-	-	-	-	129,534
	<u>\$ 4,242,846</u>	<u>\$ 12,805,000</u>	<u>\$ 21,125</u>	<u>\$ 21,125</u>	<u>\$ 309,000</u>	<u>\$ 17,399,096</u>

The City transferred monies between funds to support related capital expenditures in the capital projects fund and related debt service payments.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLE

During fiscal year 2017, Murray Parkway acquired the following two (2) notes:

Ordinance 16-32 approved on September 12, 2016. A note from the Power Fund in the amount of \$1,250,000 to replace the irrigation system at the golf course (Ordinance 16-32). This note will be repaid in five annual installment payments payable on July 31 each year. Annual principal and interest payments will occur through July 31, 2021. The note carries an interest rate of 2.0 percent.

Ordinance 16-26 approved on July 22, 2016. A note from the Water Fund in the amount of \$223,241 to replace golf carts. This note will be repaid in five annual installment payments payable on July 31 each year. Annual principal and interest payments will occur through July 31, 2021. The note carries an interest rate of 2.0 percent.



NOTE 8 – CAPITAL ASSETS

Governmental activities	Beg Balance	Increases	Transfers	Decreases	End Balance
Capital assets, not being depreciated:					
Land	\$ 21,039,780	\$ 1,741,817	\$ -	\$ -	\$ 22,781,597
Construction in progress	4,661,229	3,299,855	(5,288,645)	(41,447)	2,630,992
Total capital assets, not being depreciated	25,701,009	5,041,672	(5,288,645)	(41,447)	25,412,589
Capital assets, being depreciated:					
Buildings	33,385,997	1,368,491	3,075,056	-	37,829,544
Infrastructure	86,152,583	300,157	1,930,910	-	88,383,650
Machinery and equipment	15,508,807	1,324,658	410,477	(574,038)	16,669,904
Total capital assets being depreciated	135,047,387	2,993,306	5,416,443	(574,038)	142,883,098
Less accumulated depreciation for:					
Buildings	(16,262,678)	(1,022,425)	-	-	(17,285,103)
Infrastructure	(54,616,855)	(2,150,467)	-	-	(56,767,322)
Machinery and equipment	(10,593,974)	(1,341,934)	(127,798)	531,100	(11,532,606)
Total accumulated depreciation	(81,473,507)	(4,514,826)	(127,798)	531,100	(85,585,031)
Total capital assets, being depreciated, net	53,573,880	(1,521,520)	5,288,645	(42,938)	57,298,067
Governmental activities capital assets, net	\$ 79,274,889	\$ 3,520,152	\$ -	\$ (84,385)	\$ 82,710,656
Business-type activities	Beg Balance	Increases	Transfers	Decreases	End Balance
Capital assets, not being depreciated:					
Land	\$ 6,974,069	\$ -	\$ -	\$ -	\$ 6,974,069
Construction in progress	491,133	2,323,180	(1,645,545)	(63,304)	1,105,464
Total capital assets, not being depreciated	7,465,202	2,323,180	(1,645,545)	(63,304)	8,079,533
Capital assets, being depreciated:					
Buildings	6,305,539	58,450	-	(145,768)	6,218,221
Infrastructure	167,555,842	637,860	1,638,697	(144,813)	169,687,586
Machinery and equipment	20,568,706	1,034,303	(120,950)	(445,385)	21,036,674
Intangibles	3,759,027	-	-	-	3,759,027
Total capital assets being depreciated	198,189,114	1,730,613	1,517,747	(735,966)	200,701,508
Less accumulated depreciation for:					
Buildings	(5,170,433)	(118,707)	-	114,182	(5,174,958)
Infrastructure	(105,797,783)	(4,988,781)	-	144,813	(110,641,751)
Machinery and equipment	(13,441,038)	(1,108,390)	127,798	401,132	(14,020,498)
Intangibles	(2,531,180)	(76,549)	-	-	(2,607,729)
Total accumulated depreciation and amortization	(126,940,434)	(6,292,427)	127,798	660,127	(132,444,936)
Total capital assets, being depreciated, net	71,248,680	(4,561,814)	1,645,545	(75,839)	68,256,572
Business-type activities capital assets, net	\$ 78,713,882	\$ (2,238,634)	\$ -	\$ (139,143)	\$ 76,336,105



NOTE 8 – CAPITAL ASETS (continued)

In the government-wide financial statements, depreciation was expensed by program or activity as follows:

Governmental activities:	
General government	\$ 566,880
Public safety	922,008
Highways and public improvements	2,091,152
Parks, recreation, and culture	919,478
Total depreciation expense - governmental activities	<u>\$4,499,518</u>
Business-type activities	
Water	\$1,046,991
Wastewater	513,482
Power	3,060,049
Murray Parkway	276,607
Solid Waste	32,818
Storm Water	1,362,480
	<u>\$6,292,427</u>

NOTE 9 – INVESTMENTS IN JOINT VENTURES

The City is a participant in several joint ventures that generate financial resources through member assessments, surcharge taxes, or user fees. The City reflects its equity position (in the net resources of the joint ventures) in the funds which have the rights to such resources.

A. Trans-Jordan Cities

The Association was organized in 1968 as a joint enterprise fund of the Cities of Sandy, Midvale, West Jordan, and Murray, Utah. The City of South Jordan, Utah joined the Association during fiscal year 1997. The cities of Draper and Riverton, Utah joined the Association during fiscal year 1998. The primary purpose of the Association is the operation, maintenance, and control of a refuse dumping site east of Bingham Canyon in Salt Lake County. The City has no firm commitments to make additional equity investments in Trans-Jordan Cities. The City's ownership in the Association is calculated from the tipping fees for the preceding ten fiscal years. The Association is governed by its Board of Directors. Under the organization agreement, the Board of Directors is composed of the Mayors, or their appointed representatives, of the participating cities. The Board of Directors appoints the management and staff of the Association and approves all financial matters such as the operating budget and usage fees.

Separate audited financial statements for Trans-Jordan Cities may be obtained from Trans-Jordan Cities, Accounting Department at 10873 South 7200 West, South Jordan, UT 84095.

As of June 30, 2018, the City has an 8.32 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2018, is reported in the government-wide statement of net position.

Tipping fees paid from the Solid Waste Fund to Trans-Jordan Cities were \$209,585 for fiscal year 2018.



NOTE 9 – INVESTMENTS IN JOINT VENTURES (continued)

B. Central Valley Water Reclamation Facility

The Central Valley Water Reclamation Facility (the Facility) was formed pursuant to the Utah Interlocal Co-operation Act, and is considered a separate legal entity and political subdivision of the State of Utah. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct, and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs, maintenance, and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operations, maintenance, administration expenses, and debt service amounted to \$4,588,589 in fiscal year 2018. The Wastewater Fund made a net contribution of (\$2,676,501) to the Facility in fiscal year 2018 and recorded a \$2,804,474 gain in the joint venture resulting in a net increase in its investment in the Facility of \$127,973.

During fiscal year 2018, the Facility issued \$28,600,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2017 was \$4,575,567. The City is required to fund its proportionate share of debt service each year, which is included in the City's assessment from the Facility.

Separate compiled financial statements for Central Valley Water Reclamation Facility may be obtained from the Central Valley Water Reclamation Facility Accounting Department at 800 West Central Valley Road, Salt Lake City, UT 84119.

The Wastewater Fund (an enterprise fund) has an approximate 8.45 percent ownership in the Central Valley Water Reclamation Facility (the Facility).

NOTE 10 – INTERLOCAL AGREEMENTS

A. Utah Associated Municipal Power System (UAMPS)

The Power Department is a member of the Utah Associated Municipal Power Systems (UAMPS). UAMPS, a joint action agency and political subdivision of the State of Utah was formed by an organization agreement dated November 6, 1980, pursuant to the provisions of the Utah Interlocal Co-operation Act. UAMPS' membership consists of 35 municipalities, one joint action agency, one electric service district, two public utility districts, two water conservancy districts, two co-ops, one municipal utility district, and one nonprofit corporation.

UAMPS is a legally separate entity, which possesses the ability to establish its own budget, incur debt, sue and be sued, and own and lease property. No other governmental units in Utah exercise significant control over UAMPS. As such, UAMPS is not a component unit as defined by the Governmental Accounting Standards Board in their Statement No. 14, "The Financial Reporting Entity."

UAMPS' purpose includes planning, financing, developing, acquiring, constructing, improving, operating, and maintaining projects. In addition, UAMPS acquires ownership interests and capacity rights, for generation, transmission, and distribution of electric energy for the benefit of its members.



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

A. Utah Associated Municipal Power System (UAMPS) (continued)

As a member of UAMPS, the City has participated in various individual projects.

- The City acquired an approximate five percent interest in the Hunter II Power Plant project for \$45,662.
- In fiscal year 1990, the City acquired an approximate ten percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428.
- In fiscal year 1994, the City acquired an additional 1.6 megawatts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599.
- In fiscal year 2009, the City acquired an interconnection with Granger Electric at their electric generating facility in South Jordan for \$550,000.

These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2018 is \$1,151,297, reported as an intangible asset.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of UAMPS.

Under the organization agreement, the four members with the greatest financial obligations to UAMPS, one of which is the City, are each entitled to designate one of UAMPS' directors. All other directors are selected from the representatives of the remaining UAMPS members.

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 155 North 400 West Suite 480, Salt Lake City, UT 84103, or from the Utah State Auditor's website at <http://auditor.utah.gov/accountability/financial-reports-of-local-governments/>.

B. Valley Emergency Communications Center

The City is a member of the Valley Emergency Communications Center (VECC). VECC was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City, and West Valley City. The primary purpose is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch, and records services.

VECC is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The activities are funded by a surcharge tax on telephones within each member's city and member assessments. The Board of Trustees sets assessments for all member agencies in amounts sufficient to provide the funds required for the annual budget. VECC determines the 911 assessments for the telephone users within the members' jurisdictions.

Separate audited financial statements for Valley Emergency Communications Center may be obtained from the Finance Director at 5360 South 5885 West, West Valley City, UT 84118.



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

C. Drug Enforcement Administration - Metro Task Force

The City is a member and lead agency of the Drug Enforcement Administration (DEA) Metro Task Force (the Task Force). The Task Force is an interlocal co-operative organized to investigate and prosecute controlled substance offenders in the Salt Lake metropolitan area. The membership of the Task Force consists of sixteen Federal, State, County, and Municipal law enforcement agencies. Activities of the Task Force are funded through federal and state grants, with no funds being provided by the participating members.

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City, Finance Department 5025 South State Street, Murray, UT 84107.

D. Utah Infrastructure Agency (UIA)

On June 7, 2010, the City joined 8 other cities in an interlocal cooperative to purchase, lease, construct or equip facilities that are designed to provide telecommunication services within the respective cities. This agreement was amended and restated on November 1, 2010. The purpose of the agreement is to work in conjunction with Utah Telecommunications Open Infrastructure Agency (UTOPIA) to complete a wholesale fiber optic network for the residences and businesses in each city (see note 14 on UTOPIA and UIA agreement).

NOTE 11 – CAPITAL AND OPERATING LEASES

The City has entered into lease agreements, as lessee, to finance the acquisition or use of equipment. These lease agreements qualify as capital or operating leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired or used through capital or operating leases are as follows:

Description	Original Principal	Interest Rate	Historic Cost	Accumulated Depreciation	Type
IBM Server	\$ 95,795	2.48%	\$ 95,795	\$ 95,795	Capital
Asphalt Grinder	420,000	1.23%	414,080	200,139	Capital
Mail Machine	96,353	NA	96,353	NA	Operating

The annual operating lease for the mail machine renews in April each year. The annual lease expense is \$19,413.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2018 were as follows:

	FY 2019	FY 2020	Total
Mail Machine	\$ 19,413	\$ 16,178	\$ 35,591
Total minimum lease payments	\$ 19,413	\$ 16,178	\$ 35,591
Less: Interest portion			-
Present value of minimum lease payments			35,591
Amount due within one year			(19,413)
Amount due after one year			\$ 16,178



NOTE 12 – LONG-TERM LIABILITIES

The following provides detailed information about each of the City’s debt issuances along with a summary of the long-term debt activity for the year.

A. Series 2007 Sales Tax Revenue Bond

Purpose: Advanced refunding of the Series 1997 and Series 2001A Bonds
 Date of issuance: March 20, 2007
 Interest rate: 3.75% - 5.00%
 Original issuance: \$9,990,000

Debt service requirements to maturity, including interest: None

Defeasance of Debt – On December 1, 2016, the City cash-defeased the Series 2007 revenue bonds in full from the General Fund.

B. Series 2009A Sales Tax Revenue Bond

Purpose: Land acquisition, fire station design and construction
 Date of issuance: March 18, 2009
 Interest rate: 3.00% - 4.40%

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 130,000	\$ 29,590	\$ 159,590
2020	135,000	24,390	159,390
2021	140,000	18,855	158,855
2022	145,000	12,835	157,835
2023	150,000	6,600	156,600
	<u>\$ 700,000</u>	<u>\$ 92,270</u>	<u>\$ 792,270</u>

Original issuance: \$4,580,000

Debt service requirements to maturity, including interest:

Advanced Defeasance of Debt – At June 30, 2018, the defeased balance of this debt is \$790,000.

C. Series 2014 Sales Tax Revenue Bond

Purpose: Property acquisition for downtown development
 Date of issuance: February 4, 2014
 Interest rate: 1.32%
 Original issuance: \$1,343,000

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 276,000	\$ 3,643	\$ 279,643
	<u>\$ 276,000</u>	<u>\$ 3,643</u>	<u>\$ 279,643</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

D. Series 2016 Sales Tax Revenue Bond

Purpose: Property acquisition for downtown development
 Date of issuance: November 21, 2016
 Interest rate: 2.00% - 4.00%
 Original issuance: \$6,735,000

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 25,000	\$ 267,775	\$ 292,775
2020	305,000	261,300	566,300
2021	315,000	248,900	563,900
2022	330,000	236,000	566,000
2023	345,000	222,500	567,500
2024-2028	1,935,000	891,100	2,826,100
2029-2033	2,365,000	461,900	2,826,900
2034-2035	1,090,000	44,000	1,134,000
	<u>\$ 6,710,000</u>	<u>\$ 2,633,475</u>	<u>\$ 9,343,475</u>

E. Series 2018 Sales Tax Revenue Bond

Purpose: Fire station design and construction (Station 81)
 Date of issuance: March 6, 2018
 Interest rate: 2.00% - 4.00%
 Original issuance: \$5,540,000

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 340,000	\$ 194,606	\$ 534,606
2020	350,000	185,956	535,956
2021	360,000	175,306	535,306
2022	375,000	162,406	537,406
2023	390,000	147,106	537,106
2024-2028	2,195,000	484,030	2,679,030
2029-2031	1,530,000	73,868	1,603,868
	<u>\$ 5,540,000</u>	<u>\$ 1,423,278</u>	<u>\$ 6,963,278</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

F. Series 2012 Water and Sewer Refunding Bonds

Purpose: Refunding of the Series 2003 Water and Sewer Revenue Bonds
 Date of issuance: April 25, 2012
 Interest rate: 2.575%
 Original issuance: \$5,070,000

The Series 2012 Water and Sewer Revenue Bonds were a shared issuance between two (2) separate and distinct proprietary funds. The Water Fund is responsible for 62.59% of this debt service, and the Wastewater Fund is responsible for 37.41% of this debt service.

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 525,000	\$ 80,147	\$ 605,147
2020	540,000	66,435	606,435
2021	555,000	52,337	607,337
2022	570,000	37,853	607,853
2023	585,000	22,982	607,982
2024	600,000	7,725	607,725
	<u>\$ 3,375,000</u>	<u>\$ 267,479</u>	<u>\$ 3,642,479</u>

G. Series 2012 Sewer Revenue Bonds

Purpose: System improvements
 Date of issuance: June 12, 2012
 Interest rate: 2.50%
 Original issuance: \$2,626,000

The Series 2012 Sewer Revenue Bonds are state-issued water quality bonds. \$1,110,000 of this series was issued in December 2016.

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 116,000	\$ 52,275	\$ 168,275
2020	119,000	49,375	168,375
2021	122,000	46,400	168,400
2022	125,000	43,350	168,350
2023	128,000	40,225	168,225
2024-2028	695,000	151,225	846,225
2029-2033	786,000	59,900	845,900
	<u>\$ 2,091,000</u>	<u>\$ 442,750</u>	<u>\$ 2,533,750</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

H. Series 2013 Storm Water Revenue Bonds

Purpose: System improvements
 Date of issuance: February 28, 2013
 Interest rate: 2.00% - 4.00%
 Original issuance: \$3,000,000

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 115,000	\$ 62,192	\$ 177,192
2020	120,000	59,892	179,892
2021	125,000	57,492	182,492
2022	125,000	54,992	179,992
2023	130,000	52,180	182,180
2024-2028	690,000	212,230	902,230
2029-2033	835,000	85,900	920,900
	<u>\$ 2,140,000</u>	<u>\$ 584,878</u>	<u>\$ 2,724,878</u>

I. Series 2016 Storm Water Revenue Bonds

Purpose: System improvements
 Date of issuance: December 20, 2016
 Interest rate: 2.00% - 4.00%
 Original issuance: \$2,375,000

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 110,000	\$ 86,400	\$ 196,400
2020	115,000	82,000	197,000
2021	115,000	77,400	192,400
2022	120,000	72,800	192,800
2023	125,000	68,000	193,000
2024-2028	710,000	260,800	970,800
2029-2033	865,000	106,400	971,400
	<u>\$ 2,160,000</u>	<u>\$ 753,800</u>	<u>\$ 2,913,800</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

J. Changes in Long-term Liabilities

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
<u>Governmental activities</u>					
Bonds payable					
Series 2009A Sales Tax Revenue Bonds	\$ 835,000	\$ -	\$ (135,000)	\$ 700,000	\$ 130,000
Series 2014 Sales Tax Revenue Bonds	548,000	-	(272,000)	276,000	276,000
Series 2016 Sales Tax Revenue Bonds	6,735,000	-	(25,000)	6,710,000	25,000
Series 2018 Sales Tax Revenue Bonds	-	5,540,000	-	5,540,000	340,000
Unamortized premium	735,806	358,578	(120,445)	973,939	-
Total bonds payable	8,853,806	5,898,578	(552,445)	14,199,939	771,000
Capital lease	79,042	-	(79,042)	-	-
Compensated absences	3,261,341	2,728,356	(2,793,468)	3,196,229	2,249,406
Total governmental long-term obligations	\$ 12,194,189	\$ 8,626,934	\$ (3,424,955)	\$ 17,396,168	\$ 3,020,406
 <u>Business-type activities</u>					
Bonds payable					
Series 2012 Water & Sewer Revenue Bonds	\$3,890,000	\$ -	\$ (515,000)	\$ 3,375,000	\$ 525,000
Series 2012 Sewer Revenue Bonds	2,203,000	-	(112,000)	2,091,000	116,000
Series 2013 Storm Water Revenue Bonds	2,255,000	-	(115,000)	2,140,000	115,000
Series 2016 Storm Water Revenue Bonds	2,265,000	-	(105,000)	2,160,000	110,000
Unamortized premium	202,416	-	(12,986)	189,430	-
Total bonds payable	10,815,416	-	(859,986)	9,955,430	866,000
Compensated absences	1,390,003	837,216	(916,591)	1,310,628	762,324
Total business-type long-term obligations	\$12,205,419	\$ 837,216	\$ (1,776,577)	\$ 11,266,058	\$ 1,628,324

NOTE 13 – RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City's Retained Risk Reserve Fund (an internal service fund) accounts for and accumulates resources of uninsured loss. Under this program, the Retained Risk Reserve Fund (the Fund) provides coverage for up to a maximum of \$250,000 for each general liability claim. The City purchases commercial insurance for claims in excess of coverage provided by the Fund, and for all other risks of loss.

The amount of settlements has not exceeded insurance coverage in any of the past three fiscal years.



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent Liabilities

Grants. Amounts received or receivable from grant agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time; however, the City expects any such amounts to be immaterial.

Legal. The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City’s counsel the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

Interlocal Agreement. The City is a participant of the Intermountain Power Agency (IPA), a separate legal entity established under the guidelines of the Utah Interlocal Co-operation Act. The IPA operates a power production plant near Delta, Utah for the benefit of its members. IPA has approximately \$5.1 billion of revenue bonds that are paid from the revenues received from participant charges. Under the terms of its original contract with IPA, the City is entitled and obligated to purchase four percent of the plant’s power output. However, under a subsequent excess power sales agreement, the City transferred its power entitlement to certain California purchasers for the duration of the project unless the City recalls any or all of the entitlement. In recent years, the City sold most of its entitlement to the California purchasers. The City is liable for operating expenses and repayment of the outstanding bonds only in the event of a prolonged power outage (in excess of 12 months) and/or failure to perform under the agreement on the part of each of the California participants.

The future of the IPA power plant, after the original contract expires in 2027, has been finalized. Because of California air emission law changes, which outlaw any coal fired power generation to cross California state lines, the future of the coal fired plant has been altered. The California municipal utilities consume up to 95% of the generation from the plant and so keeping those cities in the entitlement mix was imperative. Therefore, the IPA Board and staff proposed a change of fuel from coal to natural gas prior to the agreement expiration, a move that has kept all of the current shareholders in the mix. All 36 owners have signed the agreement to allow IPA to study, engineer, and actively begin modification of the plant.

B. Commitments

Construction and property acquisition contracts. The City had active contract commitments on the following projects as of June 30, 2018.

Project type	Contract Amount	Spent-to-date	Remaining commitment
Water construction projects	\$ 2,044,070	\$ 600,513	\$ 1,443,557
Power heavy equipment purchases	304,000	-	304,000
Street construction projects	129,808	3,448	126,360
Property acquisition	400,000	4,000	396,000
	<u>\$ 2,877,878</u>	<u>\$ 607,961</u>	<u>\$ 2,269,917</u>



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

B. Commitments (continued)

Interlocal Agreement - UTOPIA. The City entered into a Pledge and Loan Agreement with the Utah Telecommunication Open Infrastructure Agency (UTOPIA). UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. Sales and use tax revenues have been pledged towards the payment of the City's share of the debt service reserve fund requirement if withdrawals were made by the Trustee to make bond payments; however, the pledge is junior to any previously pledged sales and use tax revenue. On July 1, 2007, the City was required to deposit \$1,235,039 into the UTOPIA Series 2004 Bond Debt Service Reserve Fund.

In June 2008, the City entered into an Amended and Restated Pledge and Loan Agreement as part of a restructuring of UTOPIA debt. The City pledged sales and use tax revenue towards its share of any debt service fund shortfall.

In January 2010, the Trustees of the UTOPIA bond funds notified the City that part of UTOPIA's Debt Service Reserve Fund was used to make the required bond payments. The City has received similar notices each month since this original notice. The City understands that these withdrawals will continue for an undetermined period of time and that applicable monthly replenishment payments will be required of the City for its share of the amounts withdrawn from the debt service reserve fund since January 2011.

According to the Amended and Restated Pledge and Loan Agreement, the amounts withdrawn from the City's share of the Debt Service Reserve fund becomes a loan to UTOPIA. It is currently unclear as to when UTOPIA will be in a position to repay the loan.

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA's market risk and administrative costs. This also drew down the restricted money that had been set aside for UTOPIA's Series 2004 Debt Service Reserve Fund. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund. The maximum amount committed by the City for year ended June 30, 2018 was \$1,748,360, with a 2 percent increase per year through 2040. The payment commitment for fiscal year 2019 is \$1,783,327. The total debt service payments paid by the City as of June 30, 2018 is \$13,593,824. The amount paid by the City is a loan to UTOPIA, but as the likelihood of it being re-paid in the near future is remote the City has decided to disclose this amount rather than record this loan on its financial statements. UTOPIA's total bonded debt as of June 30, 2018 is \$182,702,672 of which the City is responsible for 12.34 percent or \$22,545,510.

Interlocal Agreement – UIA. On May 1, 2011, the City entered into a "Communication Service Contract" with UIA to provide connections to a fiber optic network for the residences and businesses of the City. The agreement obligates the City to financially support UIA if UIA revenues are insufficient to pay operational and debt payments. The City has obligated, but has not been required to pay, up to \$690,241 of its annual franchise tax revenue for operational support. The City has paid \$0 operational expenses to UIA for the year ended June 30, 2018. Cumulative payments to UIA for operational expenses is \$141,666. UIA's total bonded debt as of June 30, 2018 is \$77,405,000 of which the City is obligated for 13.40 percent or \$10,372,270. The amount of required support for debt service is determined annually by UIA. The City has paid \$0 debt service for UIA for the year ended June 30, 2018. Cumulative payments to UIA for debt service is \$0.



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

B. Commitments (continued)

The service contract also provides that the City will bill and collect connection service fees from the end users located in the City on behalf of UIA. The City is entitled to 5 percent of the fee for administrative costs and the remaining 95 percent is due to UIA. The City becomes a signatory party to the end user agreement, along with UIA and the end user. The City is responsible for collection of the user fees stipulated in the agreement should the end user default.

NOTE 15 – CONDUIT DEBT OBLIGATIONS

From time to time, the City has issued Industrial Revenue Bonds (IRBs) to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The bonds are secured by the property financed and are payable solely from payments received on underlying mortgage loans. Upon repayment of the bonds, ownership of the acquired facilities transfers to the private-sector entity served by the bond issuance. Neither the City, the State, nor any political subdivision is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2018, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97 million.

NOTE 16 – REDEVELOPMENT AGENCY

The Redevelopment Agency of Murray City is established to further public purposes in the redevelopment of certain City areas. There is no outstanding debt of the RDA at June 30, 2018; however, the RDA has agreed to make payments on the Series 2009B, 2014, and 2016 sales tax bonds.

Below is a comparative summary of the activity that occurred for the fiscal years ended June 30.

	<u>FY 2018</u>	<u>FY 2017</u>
Tax increment collection for various project areas	\$ 2,506,977	\$ 2,658,774
Public improvements, including housing donations	(2,539,302)	(6,507,538)
Debt service	(575,134)	(945,605)
Tax increment distributions	(1,027,390)	(802,279)
Administrative costs	(462,558)	(343,993)



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

Plan description. Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following pension trust funds.

A. Defined Benefit Plans

The following defined benefit plans are multiple-employer, cost-sharing public employee retirement systems:

- Public Employees Noncontributory Retirement System (Noncontributory System)
- Public Employees Contributory Retirement System (Contributory System)
- Firefighters Retirement System (Firefighters System)
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System)
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System)

The following defined benefit plan is a mixed-agent, multiple-employer, cost-sharing public employee retirement system:

- Public Safety Retirement system (Public Safety System)

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Benefits provided: URS provides retirement, disability, and death benefits. Retirement benefits are as follows:

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age	2.0% per year all years	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Contributory System	Highest 5 years	30 years any age	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
		25 years any age*		
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Public Safety System	Highest 3 years	20 years any age	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending upon employer
		10 years age 60		
		4 years age 65		
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.50% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age	1.50% per year all years	Up to 2.5%
		20 years age 60*		
		10 years age 62*		
		4 years age 65		

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Contributions. As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2018 are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer rate for 401(k) Plan
Contributory System				
11 - Local Governmental Division Tier 1	N/A	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	15.11%	1.58%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Contributory System				
122 - Tier 2 DB Hybrid Public Safety	N/A	N/A	22.57%	1.26%
Public Safety Noncontributory System				
43 - Other Division A 2.5% COLA	N/A	N/A	34.04%	N/A
Firefighters System				
31 - Division A Tier 1	N/A	15.05%	3.93%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	N/A	10.82%	1.26%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69%	10.00%
222 - Public Safety	N/A	N/A	11.83%	12.00%
232 - Firefighters	N/A	N/A	0.08%	12.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,264,847	NA
Contributory System	58,484	-
Public Safety System	1,166,457	-
Firefighters System	138,544	-
Tier 2 Public Employees System	412,447	-
Tier 2 Public Safety and Firefighter System	332,268	-
Tier 2 DC Only System	23,139	NA
Tier 2 DC Public Safety and Firefighter System	434	NA
Total contributions	<u>\$ 4,396,620</u>	

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Combined pension assets, liabilities, expense, and deferred outflows and/or inflows of resources relating to pensions. At June 30, 2018, the City reported a net pension asset of \$740,368 and a net pension liability of \$10,008,266.

System	Measurement Date: December 31, 2017			Proportionate Share December 31, 2016	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 6,096,525	1.3914877%	1.4272199%	-0.0339867%
Contributory System	-	170,665	2.0972913%	2.3929059%	-0.2956146%
Public Safety System	-	3,719,281	2.3709950%	2.5723775%	-0.2013825%
Firefighters System	723,117	-	11.5781685%	12.0871251%	-0.5089566%
Tier 2 Public Employees System	-	21,795	0.2471986%	0.2646738%	-0.0174752%
Tier 2 Public Safety and Firefighter System	17,251	-	1.4908812%	1.7286488%	-0.2377676%
	<u>\$ 740,368</u>	<u>\$ 10,008,266</u>			

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2017 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, the City recognized a pension expense of \$4,220,653.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 145,806	\$ 1,280,428
Changes in assumptions	4,613,484	430,262
Net difference between projected and actual earnings on pension plan investments	2,681,772	6,955,362
Changes in proportion and differences between contributions and proportionate share of contributions	212,748	405,222
Contributions subsequent to the measurement date	2,095,960	-
	<u>\$ 9,749,770</u>	<u>\$ 9,071,274</u>

Deferred outflows of resources related to pensions of \$2,095,960 results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

These contributions will be recognized as reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ 429,171
2019	609,172
2020	(1,248,171)
2021	(1,453,154)
2022	134,939
Thereafter	110,579

Noncontributory system pension expense and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized pension expense of \$2,128,901.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 135,991	\$ 373,097
Changes in assumptions	2,189,843	142,441
Net difference between projected and actual earnings on pension plan investments	1,312,540	3,446,504
Changes in proportion and differences between contributions and proportionate share of contributions	26,458	156,239
Contributions subsequent to the measurement date	1,068,782	-
	<u>\$ 4,733,614</u>	<u>\$ 4,118,281</u>

Deferred outflows of resources related to pensions of \$1,068,782 results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ 283,611
2019	458,691
2020	(444,496)
2021	(751,255)
2022	-
Thereafter	-



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Contributory system pension expense and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized a negative pension expense of (\$8,515).

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	215,520	489,412
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	26,906	-
	\$ 242,426	\$ 489,412

Deferred outflows of resources related to pensions of \$26,906 results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ (16,429)
2019	(23,501)
2020	(127,725)
2021	(106,237)
2022	-
Thereafter	-



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Public safety system pension expense and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized pension expense of \$1,417,509.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ -	\$ 545,496
Changes in assumptions	1,369,579	51,250
Net difference between projected and actual earnings on pension plan investments	669,164	1,720,129
Changes in proportion and differences between contributions and proportionate share of contributions	118,600	226,983
Contributions subsequent to the measurement date	554,311	-
	<u>\$ 2,711,654</u>	<u>\$ 2,543,858</u>

Deferred outflows of resources related to pensions of \$554,311, results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ 184,906
2019	211,644
2020	(408,443)
2021	(374,622)
2022	-
Thereafter	-

Firefighters system pension expense, and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized pension expense of \$313,694.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ -	\$ 341,371
Changes in assumptions	986,958	232,890
Net difference between projected and actual earnings on pension plan investments	473,458	1,244,592
Changes in proportion and differences between contributions and proportionate share of contributions	23,400	22,000
Contributions subsequent to the measurement date	65,779	-
	<u>\$ 1,549,595</u>	<u>\$ 1,840,853</u>



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Deferred outflows of resources related to pensions of \$65,779 results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ (21,156)
2019	(35,901)
2020	(265,258)
2021	(213,490)
2022	141,063
Thereafter	37,704

Tier 2 public employee system pension expense and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized pension expense of \$209,309.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 816	\$ 20,412
Changes in assumptions	29,332	2,206
Net difference between projected and actual earnings on pension plan investments	6,834	31,703
Changes in proportion and differences between contributions and proportionate share of contributions	24,392	-
Contributions subsequent to the measurement date	215,856	-
	<u>\$ 277,230</u>	<u>\$ 54,321</u>

Deferred outflows of resources related to pensions of \$215,856 results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ (1,948)
2019	(1,948)
2020	(2,272)
2021	(5,527)
2022	(4,695)
Thereafter	23,445



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Tier 2 public safety and firefighter system pension expense and deferred outflows and/or inflows of resources. At June 30, 2018, the City recognized pension expense of \$159,664.

At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 8,999	\$ 52
Changes in assumptions	37,772	1,475
Net difference between projected and actual earnings on pension plan investments	4,256	23,022
Changes in proportion and differences between contributions and proportionate share of contributions	19,897	-
Contributions subsequent to the measurement date	164,327	-
	\$ 235,251	\$ 24,549

Deferred outflows of resources related to pensions of \$164,327 results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2017.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2018	\$ 187
2019	187
2020	23
2021	(2,023)
2022	(1,428)
Thereafter	49,431

Actuarial assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average (including inflation)
Investment rate of return	6.95 percent, net of pension plan investment expense (including inflation)

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetical real rates of return for each major asset class are summarized in the following table.

Asset Class	Expected Return Arithmetic Basis		
	Target asset allocation	Real return arithmetical basis	Long-term expected portfolio real rate of return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.89%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		4.75%
Inflation			2.50%
Expected arithmetical nominal return			7.25%

The 6.95% assumed investment rate of return is comprised of an inflation rate of 2.50% and a real return rate of 4.45% that is net of investment expense.

Discount rate. The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% decrease (5.95%)	Discount rate (6.95%)	1% increase (7.95%)
Noncontributory System	\$ 16,487,865	\$ 6,096,525	(\$ 2,543,359)
Contributory System	1,157,125	170,665	(656,800)
Public Safety System	9,370,915	3,719,281	(861,304)
Firefighters System	3,085,333	(723,117)	(3,800,403)
Tier 2 Public Employees System	256,624	21,795	(159,292)
Tier 2 Public Safety and Firefighter System	152,765	(17,251)	(147,143)
	<u>\$ 30,510,627</u>	<u>\$ 9,267,898</u>	<u>\$ (8,168,301)</u>



NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS (continued)

A. Defined Benefit Plans (continued)

Pension plan fiduciary net position. Detailed information about the pension plans fiduciary net position is available in the separately issued URS financial report.

B. Defined Contribution Savings Plan

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

Murray City participates in the following defined contribution savings plans with Utah Retirement Systems.

- 401(k) plan
- 457(b) plan
- Roth IRA plan

The City limits participation in the defined contribution savings plan to employees who are classified as full-time and benefit-eligible. Benefit terms are established and may only be amended by the Mayor with the support of the City Council. The City currently contributes 4.2% of gross earnings into a 401 (k) plan on behalf of all full-time employees. Employee contributions are voluntary.

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended June 30, were as follows.

	FY 2016	FY 2017	FY 2018
401 (k) Plan			
Employer contributions	\$ 869,539	\$ 935,778	\$ 951,174
Employee contributions	485,059	521,556	507,852
457 Plan			
Employer contributions	-	-	-
Employee contributions	238,478	215,555	238,458
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	-	-	19,390



NOTE 18 – FUND BALANCE

Financial statement fund balance category details are as follows:

Fund Type	General Fund	Capital Projects Fund	RDA	Library	Other Governmental Funds	Total
Nonspendable						
Prepays	\$ 51,589	\$ -	\$ -	\$ 18,895	\$ -	\$ 70,484
Endowment	-	-	-	16,493	-	16,493
Restricted						
Alcohol tax	104,629	-	-	-	-	104,629
Class C roads	-	-	-	-	-	-
Escrow	-	5,848,353	2,634,224	-	-	8,482,577
Historic smelter	15,888	-	-	-	-	15,888
State allowance	-	126,426	-	-	-	126,426
Redevelopment	-	-	(1,508,452)	-	-	(1,508,452)
Debt service	392	-	1,082	-	-	1,474
Library	-	-	-	687,015	-	687,015
Low-income housing	-	-	862,739	-	-	862,739
Committed						
Cemetery perpetual care	-	-	-	-	1,432,979	1,432,979
Assigned						
Capital projects	-	14,193,113	-	-	-	14,193,113
Unassigned						
	10,164,485	-	-	-	-	10,164,485
	<u>\$ 10,336,983</u>	<u>\$ 20,167,892</u>	<u>\$ 1,989,593</u>	<u>\$ 722,403</u>	<u>\$ 1,432,979</u>	<u>\$ 34,649,850</u>

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

General Fund. During the current fiscal year, the City assumed financial and management responsibility for two full-time employees who were previously reported as employees of the Drug Enforcement Administration - Metro Task Force (see Note 10 C. - Interlocal Agreements). This change reduced the prior year's fund balance from \$92,169,676 to \$92,066,534 in the government-wide financial statements, and increased the City's current and long-term liabilities, and deferred outflow and inflows of resources.

Business-type Fund – Wastewater. During the current fiscal year, Central Valley Water Reclamation Facility (CVWRF) amended their interlocal agreement which retroactively adjusted ownership effective January 1, 2017. This change resulted in an increase in the City's ownership by \$1,383,330 and increased the prior year's net position in the Wastewater Fund from \$12,517,905 to \$13,901,235.

Statement of Activities. The Statement of Activities for fiscal year 2017 did not report \$51,348 of expense for the Storm Water Fund which resulted in an overstatement of net position for business-type activities. The Statement of Revenues, Expenditures, and Changes in Fund Balance reported the correct net position.



NOTE 20 – SUBSEQUENT EVENTS

In its August 9, 2018 meeting, the Board of Water Resources authorized and committed funds for a loan of \$8,054,000 to the City to replace two wells and various pipelines throughout the City. The loan will be secured by a non-voted revenue bond (Series 2018 Water Revenue Bonds) issued by the City. The bonds will be issued at an interest rate of 1% for a period of 25 years, with interest only payments for the first five years and regular annual payments of approximately \$382,000 beginning in 2025. This debt represents 85% of the total project cost. The City will be required to fund the remaining 15%, or \$1,421,000. The total project cost will be \$9,475,000.

On August 14, 2018, the City approved Resolution No R 18-41 authorizing and approving the carbon-free power project power sales contract with Utah Associated Municipal Power Systems (UAMPS) along with the associated budget and plan for finance for the project. The project proposes to acquire and construct a nuclear generating facility plan to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho. The contract obligates the City to make payments from the revenues of the Power Fund in exchange for an “entitlement share” representing up to 1,000 kW of capacity. The project is currently in the development phase and the development cost per share is \$872,360. The City has a right to evaluate its participation at each phase of the project.

On August 27, 2018, the City purchased property directly adjacent to City Hall from the Murray School District. The property was purchased for redevelopment, and will be consolidated with the parcels where City Hall is currently located. The City Hall relocation project will begin in FY 2019. The purchase price for this property was \$2,724,311.

On November 20, 2018, the City approved Resolution No R 18-58 acknowledging an error in water billing and forgiving the balance owed by water users as a result of this error. In April 2018, the City intended to implement a tiered rate system which encouraged water conservation as required by state law. During the implementation of this new rate structure to the utility billing system, there were several administrative and technical errors which resulted in a savings to the water user and a revenue loss for the City’s water fund between the months of April and October of 2018. Due to inconsistent consumption data, the revenue loss was estimated at between \$814,000-\$920,000. The effect of this revenue loss is a delay in certain future capital projects. All currently budgeted capital projects, including the projects referenced in the low-interest loan above remain in the budget and the water fund continues to be financial stable.

The City intends to issue debt in the amount of approximately \$30 - \$35 million for the design and construction of a new City Hall in FY 2019.

REQUIRED SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2018



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 BUDGET TO ACTUAL
 GENERAL FUND**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	\$ 19,363,702	\$ 19,413,702	\$ 20,320,116	\$ 906,414
Property taxes	6,738,908	6,738,908	6,836,547	97,639
Franchise taxes	4,642,000	4,642,000	4,630,311	(11,689)
Licenses and permits	1,328,050	1,720,050	1,776,481	56,431
Intergovernmental	1,875,000	2,208,384	2,496,480	288,096
Charges for services	3,370,100	3,455,100	3,727,167	272,067
Fines and forfeitures	1,327,000	1,327,000	1,208,321	(118,679)
Emergency 911 fees	470,000	-	-	-
Miscellaneous	197,000	227,460	246,461	19,001
Investment income	60,000	130,000	158,978	28,978
Total revenues	<u>39,371,760</u>	<u>39,862,604</u>	<u>41,400,862</u>	<u>1,538,258</u>
EXPENDITURES				
General government				
Administrative and development services	3,768,510	4,183,853	3,564,712	(619,141)
Finance	217,513	217,513	201,629	(15,884)
Human resources	201,300	196,334	170,417	(25,917)
Justice court	1,270,920	1,121,658	1,098,423	(23,235)
Legal	636,403	648,222	594,850	(53,372)
Legislative	187,103	196,743	181,922	(14,821)
Mayor	230,161	432,241	290,916	(141,325)
Non-departmental	499,327	495,200	320,940	(174,260)
Total general government	<u>7,011,237</u>	<u>7,491,764</u>	<u>6,423,809</u>	<u>(1,067,955)</u>
Public safety				
Emergency 911 service	470,000	-	-	-
Fire department	7,798,948	7,985,478	7,766,836	(218,642)
Police department	11,190,107	11,385,371	11,054,486	(330,885)
Total public safety	<u>19,459,055</u>	<u>19,370,849</u>	<u>18,821,322</u>	<u>(549,527)</u>
Highways and public improvements				
Engineering	811,993	785,400	751,258	(34,142)
Streets and highways	3,220,086	3,987,676	3,655,662	(332,014)
Shops and garages	106,600	106,600	92,479	(14,121)
Total highways and public improvements	<u>4,138,679</u>	<u>4,879,676</u>	<u>4,499,399</u>	<u>(380,277)</u>
Parks, recreation, and culture				
Parks and recreation	5,696,444	5,650,108	5,401,027	(249,081)
Cemetery	430,986	429,586	368,198	(61,388)
Total parks, recreation, and culture	<u>6,127,430</u>	<u>6,079,694</u>	<u>5,769,225</u>	<u>(310,469)</u>
Debt service				
Principal	214,045	214,045	214,042	(3)
Interest and fiscal charges	53,235	138,235	155,924	17,689
Pledge payment - UTOPIA debt service	1,748,365	1,748,365	1,748,359	(6)
Total debt service	<u>2,015,645</u>	<u>2,100,645</u>	<u>2,118,325</u>	<u>17,680</u>
Total expenditures	<u>38,752,046</u>	<u>39,922,628</u>	<u>37,632,080</u>	<u>(2,290,548)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>619,714</u>	<u>(60,024)</u>	<u>3,768,782</u>	<u>3,828,806</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	5,899,000	5,898,578	(422)
Transfers in	4,137,389	4,137,389	4,242,846	105,457
Transfers out	(4,857,103)	(10,657,103)	(12,839,000)	(2,181,897)
Net other financing sources (uses)	<u>(719,714)</u>	<u>(620,714)</u>	<u>(2,697,576)</u>	<u>(2,076,862)</u>
Net change in fund balance	<u>(100,000)</u>	<u>(680,738)</u>	<u>1,071,206</u>	<u>\$ 1,751,944</u>
Fund balance at beginning of year	<u>9,265,777</u>	<u>9,265,777</u>	<u>9,265,777</u>	
Fund balance at end of year	<u>\$ 9,165,777</u>	<u>\$ 8,585,039</u>	<u>\$ 10,336,983</u>	



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET TO ACTUAL
 REDEVELOPMENT FUND**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Tax increment	\$ 2,767,719	\$ 2,767,719	\$ 2,506,977	\$ (260,742)
Miscellaneous	-	-	16,034	16,034
Investment income	9,500	9,500	64,578	55,078
Total revenues	<u>2,777,219</u>	<u>2,777,219</u>	<u>2,587,589</u>	<u>(189,630)</u>
EXPENDITURES				
Highways and public improvements	1,868,685	6,263,181	3,708,770	(2,554,411)
Debt service				
Principal	297,000	297,000	297,000	-
Interest and fiscal charges	<u>277,134</u>	<u>277,134</u>	<u>278,134</u>	<u>1,000</u>
Total expenditures	<u>2,442,819</u>	<u>6,837,315</u>	<u>4,283,904</u>	<u>(2,553,411)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>334,400</u>	<u>(4,060,096)</u>	<u>(1,696,315)</u>	<u>2,363,781</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	-	-	-
Transfers in	-	-	-	-
Transfers out	<u>(334,400)</u>	<u>(334,400)</u>	<u>(334,400)</u>	<u>-</u>
Net other financing sources (uses)	<u>(334,400)</u>	<u>(334,400)</u>	<u>(334,400)</u>	<u>-</u>
Net change in fund balance	-	(4,394,496)	(2,030,715)	\$ 2,363,781
Fund balance at beginning of year	<u>4,020,308</u>	<u>4,020,308</u>	<u>4,020,308</u>	
Fund balance at end of year	<u>\$ 4,020,308</u>	<u>\$ (374,188)</u>	<u>\$ 1,989,593</u>	



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET TO ACTUAL
 LIBRARY FUND**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Property taxes	\$ 1,642,936	\$ 1,642,936	\$ 1,652,008	\$ 9,072
Intergovernmental	12,000	12,000	12,100	100
Fines and forfeitures	39,000	39,000	36,685	(2,315)
Miscellaneous	6,000	6,000	13,164	7,164
Investment income	7,000	7,000	12,521	5,521
Total revenues	<u>1,706,936</u>	<u>1,706,936</u>	<u>1,726,478</u>	<u>19,542</u>
EXPENDITURES				
Parks, recreation, and culture	<u>1,706,936</u>	<u>1,866,520</u>	<u>1,583,269</u>	<u>(283,251)</u>
Total expenditures	<u>1,706,936</u>	<u>1,866,520</u>	<u>1,583,269</u>	<u>(283,251)</u>
Excess (deficiency) of revenues over (under) expenditures	-	(159,584)	143,209	302,793
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change of fund balance	-	(159,584)	143,209	\$ 302,793
Fund balance at beginning of year	<u>579,194</u>	<u>579,194</u>	<u>579,194</u>	
Fund balance at end of year	<u>\$ 579,194</u>	<u>\$ 419,610</u>	<u>\$ 722,403</u>	



**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
 UTAH RETIREMENT SYSTEM
 LAST 10 CALENDAR YEARS ***

		Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System	2014	1.4050804%	\$ 6,101,190	\$ 12,005,198	50.80%	90.2%
	2015	1.4116916%	7,988,038	12,025,956	66.42%	87.8%
	2016	1.4272199%	9,164,498	12,419,920	73.79%	87.3%
	2017	1.3948770%	6,096,525	12,097,753	50.39%	91.9%
Contributory System	2014	1.2881602%	\$ 371,561	\$ 688,420	54.00%	94.0%
	2015	1.3895583%	976,657	592,060	164.96%	85.7%
	2016	2.3929059%	785,139	574,149	136.75%	92.9%
	2017	2.0972913%	170,665	425,573	40.10%	98.2%
Public Safety System	2014	2.3828708%	\$ 2,996,658	\$ 3,620,709	82.80%	90.5%
	2015	2.4167832%	4,329,066	3,590,165	120.58%	87.1%
	2016	2.5723775%	5,220,064	3,828,372	136.35%	86.5%
	2017	2.3709950%	3,719,281	3,459,507	107.51%	90.2%
Firefighters System	2014	11.8165586%	\$ (674,298)	\$ 3,136,424	-21.50%	103.5%
	2015	11.5488265%	(209,172)	3,105,843	-6.73%	101.0%
	2016	12.0871251%	(95,289)	3,398,063	-2.80%	100.4%
	2017	11.5781685%	(723,117)	3,385,874	-21.36%	103.0%
Tier 2 Pubic Employees System	2014	0.2312225%	\$ (7,007)	\$ 1,134,435	-0.60%	103.5%
	2015	0.2407870%	(526)	1,555,813	-0.30%	100.2%
	2016	0.2646738%	29,524	2,170,558	1.36%	95.1%
	2017	0.2471986%	21,795	2,417,294	0.90%	97.4%
Tier 2 Pubic Safety and Firefighter System	2014	1.7761219%	\$ (26,275)	\$ 735,851	-3.60%	120.5%
	2015	1.8809637%	(27,481)	1,119,342	-2.46%	110.7%
	2016	1.7286488%	(15,006)	1,428,252	-1.05%	103.6%
	2017	1.4908812%	(17,251)	1,573,437	-1.10%	103.0%

* In accordance with paragraph 81.a of GASB 68, employers will disclose a 10-year history of their proportionate share of the net pension liability (asset) in the RSI section of the Comprehensive Annual Finance Report. This schedule presents this information from the date the information was required. Subsequent years will be added as the information becomes available.



**SCHEDULE OF CONTRIBUTIONS
 UTAH RETIREMENT SYSTEM
 LAST 10 FISCAL YEARS ***

		Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 2,061,432	\$ (2,061,432)	\$ -	\$ 12,017,593	17.15%
	2015	2,194,648	(2,194,648)	-	11,975,262	18.33%
	2016	2,181,985	(2,181,985)	-	11,929,341	18.29%
	2017	2,207,591	(2,207,591)	-	12,101,414	18.24%
	2018	2,264,847	(2,264,847)	-	12,493,960	18.13%
Contributory System	2014	\$ 90,522	\$ (90,522)	\$ -	\$ 681,632	13.28%
	2015	94,071	(94,071)	-	650,548	14.46%
	2016	83,310	(83,310)	-	576,133	14.46%
	2017	72,189	(72,189)	-	499,235	14.46%
	2018	58,484	(58,484)	-	404,450	14.46%
Public Safety System	2014	\$ 1,092,829	\$ (1,092,829)	\$ -	\$ 3,697,091	29.56%
	2015	1,142,893	(1,142,893)	-	3,572,076	32.00%
	2016	1,180,370	(1,180,370)	-	3,650,978	32.33%
	2017	1,162,087	(1,162,087)	-	3,586,349	32.40%
	2018	1,166,457	(1,166,457)	-	3,564,029	32.73%
Firefighters System	2014	\$ 95,307	\$ (95,307)	\$ -	\$ 3,274,834	2.91%
	2015	117,450	(117,450)	-	3,074,888	3.82%
	2016	124,809	(124,809)	-	3,128,658	3.99%
	2017	131,031	(131,031)	-	3,368,401	3.89%
	2018	138,544	(138,544)	-	3,525,283	3.93%
Tier 2 Pubic Employees System	2014	\$ 138,866	\$ (138,866)	\$ -	\$ 992,611	13.99%
	2015	193,069	(193,069)	-	1,292,292	14.94%
	2016	271,016	(271,016)	-	1,817,920	14.91%
	2017	339,392	(339,392)	-	2,276,278	14.91%
	2018	412,447	(412,447)	-	2,729,630	15.11%
Tier 2 Pubic Safety and Firefighter System	2014	\$ 109,576	\$ (109,576)	\$ -	\$ 599,068	18.29%
	2015	170,014	(170,014)	-	934,688	18.19%
	2016	232,844	(232,844)	-	1,289,473	18.06%
	2017	270,278	(270,278)	-	1,458,513	18.53%
	2018	332,268	(332,268)	-	1,737,316	19.13%
Tier 2 Pubic Employees DC Only System*	2014	\$ 7,498	\$ (7,498)	\$ -	\$ 134,379	5.58%
	2015	18,143	(18,143)	-	269,988	6.72%
	2016	22,485	(22,485)	-	336,102	6.69%
	2017	26,453	(26,453)	-	395,408	6.69%
	2018	23,139	(23,139)	-	345,871	6.69%
Tier 2 Pubic Safety and Firefighter DC Only System*	2014	\$ 322	\$ (322)	\$ -	\$ 3,235	9.94%
	2015	5,178	(5,178)	-	43,767	11.83%
	2016	205	(205)	-	1,733	11.83%
	2017	1,548	(1,548)	-	81,781	1.89%
	2018	434	(434)	-	93,645	0.46%

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in the RSI section of their Comprehensive Annual Financial Report. Contributions as a percentage of covered-payroll may be different than the board-certified rate due to rounding and other administrative issues. This schedule presents this information from the date the information was required. Subsequent years will be added as the information becomes available.



NOTE 1 – CHANGES IN ASSUMPTIONS

As a result of an experience study conducted as of December 31, 2016, the Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% annual COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).



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SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2018

OTHER GOVERNMENTAL FUNDS

Cemetery Perpetual Care Fund

The Cemetery Perpetual Care Fund is used to account for funds which have been committed by the City Council to provide care of the cemetery on a perpetual basis. Interest income is intended to support on-going maintenance needs.



**COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS**

	Cemetery Fund	Total Non-Major Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 451,249	\$ 451,249
Investments	981,730	981,730
Total assets	1,432,979	1,432,979
 <u>LIABILITIES</u>		
Accounts payable	-	-
Total liabilities	-	-
 <u>FUND BALANCE</u>		
Committed	1,432,979	1,432,979
Unassigned	-	-
Total fund balances	1,432,979	1,432,979
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 1,432,979	\$ 1,432,979



**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
 NON-MAJOR GOVERNMENTAL FUNDS**

	Cemetery Fund	Total Non-Major Governmental Funds
<u>REVENUES</u>		
Charges for services	\$ (7,280)	\$ (7,280)
Investment income	20,099	20,099
Total revenues	<u>12,819</u>	<u>12,819</u>
<u>EXPENDITURES</u>		
Highways and public improvements	-	-
Parks, recreation, and culture	-	-
Total expenditures	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>12,819</u>	<u>12,819</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Transfers in	-	-
Transfers out	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>
Net change of fund balance	<u>12,819</u>	<u>12,819</u>
Fund balance at beginning of year	<u>1,420,160</u>	<u>1,420,160</u>
Fund balance at end of year	<u>\$ 1,432,979</u>	<u>\$ 1,432,979</u>



**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET TO ACTUAL
 CEMETERY FUND**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Perpetual care fees	\$ -	\$ 4,600	\$ (7,280)	\$ (11,880)
Miscellaneous	-	-	-	-
Investment income	-	25,000	20,099	(4,901)
Total revenues	<u>-</u>	<u>29,600</u>	<u>12,819</u>	<u>(16,781)</u>
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>29,600</u>	<u>12,819</u>	<u>(16,781)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change of fund balance	<u>-</u>	<u>29,600</u>	<u>12,819</u>	<u>\$ (16,781)</u>
Fund balance at beginning of year	<u>1,420,160</u>	<u>1,420,160</u>	<u>1,420,160</u>	
Fund balance at end of year	<u>\$ 1,420,160</u>	<u>\$ 1,449,760</u>	<u>\$ 1,432,979</u>	



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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 BUDGET TO ACTUAL
 CAPITAL PROJECTS FUND**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 200,000	\$ 200,000	\$ -
Miscellaneous	-	-	15,958	15,958
Investment income	-	-	169,958	169,958
Total revenues	<u>-</u>	<u>200,000</u>	<u>385,916</u>	<u>185,916</u>
<u>EXPENDITURES</u>				
General government	182,000	644,520	343,125	(301,395)
Public safety	591,000	591,000	526,151	(64,849)
Highways and public improvements	5,303,644	12,265,124	1,291,290	(10,973,834)
Parks, recreation, and culture	569,200	3,901,200	3,342,788	(558,412)
Total expenditures	<u>6,645,844</u>	<u>17,401,844</u>	<u>5,503,354</u>	<u>(11,898,490)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(6,645,844)</u>	<u>(17,201,844)</u>	<u>(5,117,438)</u>	<u>12,084,406</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	-	39,931	39,931
Transfers in	4,823,103	10,623,103	12,805,000	2,181,897
Transfers out	-	(275,000)	(275,000)	-
Net other financing sources (uses)	<u>4,823,103</u>	<u>10,348,103</u>	<u>12,569,931</u>	<u>2,221,828</u>
Net change in fund balance	(1,822,741)	(6,853,741)	7,452,493	\$ 14,306,234
Fund balance at beginning of year	<u>12,715,399</u>	<u>12,715,399</u>	<u>12,715,399</u>	
Fund balance at end of year	<u>\$ 10,892,658</u>	<u>\$ 5,861,658</u>	<u>\$ 20,167,892</u>	



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INTERNAL SERVICE FUNDS

Central Garage Fund

The Central Garage Fund is used to account for the activities of the central garage which maintains the City's fleet of vehicles and equipment. Charges for service are assigned to the other funds based on the number of vehicles and/or equipment assigned to the department.

Retained Risk Fund

The Retained Risk Fund is used to account for the activities of the City's self-insurance and risk management programs.



**STATEMENT OF NET POSITION
 INTERNAL SERVICE FUNDS**

	Central Garage Fund	Retained Risk Fund	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 191,365	\$ 1,655,173	\$ 1,846,538
Investments	-	154,231	154,231
Inventory	69,292	-	69,292
Prepaid items	-	-	-
Total current assets	<u>260,657</u>	<u>1,809,404</u>	<u>2,070,061</u>
Noncurrent assets			
Capital assets			
Equipment	249,493	-	249,493
Less: Accumulated depreciation	(113,203)	-	(113,203)
Total noncurrent assets	<u>136,290</u>	<u>-</u>	<u>136,290</u>
Total assets	<u>396,947</u>	<u>1,809,404</u>	<u>2,206,351</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension costs	75,950	48,352	124,302
Total deferred outflows of resources	<u>75,950</u>	<u>48,352</u>	<u>124,302</u>
LIABILITIES			
Current liabilities			
Accounts payable	804	11,183	11,987
Accrued liabilities	12,235	260,706	272,941
Compensated absences	10,001	19,838	29,839
Total current liabilities	<u>23,040</u>	<u>291,727</u>	<u>314,767</u>
Noncurrent liabilities			
Compensated absences	5,443	10,602	16,045
Net pension payable	77,964	49,634	127,598
Total noncurrent liabilities	<u>83,407</u>	<u>60,236</u>	<u>143,643</u>
Total liabilities	<u>106,447</u>	<u>351,963</u>	<u>458,410</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	70,665	44,987	115,652
Total deferred inflows of resources	<u>70,665</u>	<u>44,987</u>	<u>115,652</u>
FUND BALANCE			
Net investment in capital assets	136,290	-	136,290
Unrestricted	159,495	1,460,806	1,620,301
Total fund balances	<u>295,785</u>	<u>1,460,806</u>	<u>1,756,591</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 472,897</u>	<u>\$ 1,857,756</u>	<u>\$ 2,330,653</u>



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
 INTERNAL SERVICE FUNDS**

	Central Garage Fund	Retained Risk Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 430,608	\$1,038,426	\$ 1,469,034
Total operating revenues	<u>430,608</u>	<u>1,038,426</u>	<u>1,469,034</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	313,164	288,176	601,340
Operations and maintenance	35,882	587,234	623,116
Administrative fees	-	-	-
Depreciation	15,333	-	15,333
Total operating expenses	<u>364,379</u>	<u>875,410</u>	<u>1,239,789</u>
Operating income (loss)	<u>66,229</u>	<u>163,016</u>	<u>229,245</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment income	2,804	25,713	28,517
Gain/(loss) on disposal of assets	2,646	-	2,646
Total non-operating revenues (expenses)	<u>5,450</u>	<u>25,713</u>	<u>31,163</u>
Income (loss) before transfers	<u>71,679</u>	<u>188,729</u>	<u>260,408</u>
Transfers out	-	-	-
Change net position	<u>71,679</u>	<u>188,729</u>	<u>260,408</u>
Total net position - beginning	<u>224,106</u>	<u>1,272,077</u>	<u>1,496,183</u>
Total net position - ending	<u>\$ 295,785</u>	<u>\$1,460,806</u>	<u>\$ 1,756,591</u>



**STATEMENT OF CASH FLOW
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 430,608	\$ 1,038,426	\$ 1,469,034
Payments to suppliers of goods and services	(77,332)	(574,316)	(651,648)
Payments to employees for services	(311,862)	(272,578)	(584,440)
Payment for interfund services	-	-	-
Investments in joint venture	-	-	-
Net cash provided (used) by operating activities	<u>41,414</u>	<u>191,532</u>	<u>232,946</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	-	-
Transfers to other funds	-	-	-
Changes to interfund receivables and payables	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	2,646	-	2,646
Purchases of capital assets	(44,016)	-	(44,016)
Impact fees	-	-	-
Proceeds from issuance of debt	-	-	-
Principal paid on debt	-	-	-
Interest and fiscal charges paid on capital debt	-	-	-
Net cash provided (used) by capital and related financing activities	<u>(41,370)</u>	<u>-</u>	<u>(41,370)</u>
Cash flows from investing activities			
Sale (purchase) of investments	-	(154,231)	(154,231)
Investment income	2,804	25,713	28,517
Net cash provided by investing activities	<u>2,804</u>	<u>(128,518)</u>	<u>(125,714)</u>
Net increase (decrease) in cash and cash equivalents	2,848	63,014	65,862
Cash and cash equivalents - beginning of year	188,517	1,592,159	1,780,676
Cash and cash equivalents - end of year	<u>\$ 191,365</u>	<u>\$ 1,655,173</u>	<u>\$ 1,846,538</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 66,229	\$ 163,016	\$ 229,245
Adjustments to reconcile operating income to net cash provided by:			
Depreciation and amortization	15,333	-	15,333
Investments in joint ventures	-	-	-
(Increase) decrease in receivables	-	-	-
(Increase) decrease in inventory and prepaid items	(12,492)	3,000	(9,492)
(Increase) decrease in liabilities	(27,656)	25,516	(2,139)
Net cash provided by operating activities	<u>\$ 41,414</u>	<u>\$ 191,532</u>	<u>\$ 232,947</u>

NON-MAJOR PROPRIETARY FUNDS

Murray Parkway Fund

The Murray Parkway Fund is used to account for the activities of the City's golf course.

Solid Waste Fund

The Solid Waste Fund is used to account for the activities of the City's garbage and recycling collection program. The City contracts out collection services, however, the assets are owned by the City.

Telecom Fund

The Telecom Fund is used to account for the activities of the telecom connection utility program. This fund invoices and remits the UTOPIA connection fees. See Note 14B.



**STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS**

	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 484,565	\$ 311,131	\$ 110,575	\$ 906,271
Investments	-	-	-	-
Accounts receivable (net)	-	135,650	4,153	139,803
Notes receivable	-	-	34,100	34,100
Inventory	50,726	-	-	50,726
Total current assets	535,291	446,781	148,828	1,130,900
Noncurrent assets				
Notes receivable	-	-	335,157	335,157
Capital assets				
Land	326,336	-	-	326,336
Construction in progress	69,516	-	-	69,516
Buildings	873,119	-	-	873,119
Improvements other than buildings	6,009,093	-	-	6,009,093
Equipment	930,232	397,775	-	1,328,007
Less: Accumulated depreciation	(5,428,187)	(156,348)	-	(5,584,535)
Total noncurrent assets	2,780,109	241,427	335,157	3,356,693
Total assets	3,315,400	688,208	483,985	4,487,593
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension costs	166,388	47,704	-	214,092
Total deferred outflows of resources	166,388	47,704	-	214,092
LIABILITIES				
Current liabilities				
Accounts payable	4,332	104,252	-	108,584
Accrued liabilities	164,042	5,852	-	169,894
Due to other funds	1,337,143	-	-	1,337,143
Compensated absences	67,785	3,323	-	71,108
Notes payable	-	-	34,100	34,100
Total current liabilities	1,573,302	113,427	34,100	1,720,829
Noncurrent liabilities				
Notes payable	-	-	335,157	335,157
Compensated absences	37,881	1,857	-	39,738
Net pension payable	170,799	48,969	-	219,768
Total noncurrent liabilities	208,680	50,826	335,157	594,663
Total liabilities	1,781,982	164,253	369,257	2,315,492
DEFERRED INFLOWS OF RESOURCES				
Deferred pension gains	154,809	44,384	-	199,193
Total deferred inflows of resources	154,809	44,384	-	199,193
FUND BALANCE				
Net investment in capital assets	2,780,109	241,427	-	3,021,536
Unrestricted	(1,235,112)	285,848	114,728	(834,536)
Total fund balances	1,544,997	527,275	114,728	2,187,000
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 3,481,788	\$ 735,912	\$ 483,985	\$ 4,701,685



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 NON-MAJOR PROPRIETARY FUNDS**

	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,251,364	\$ 1,659,597	\$ 83,845	\$ 2,994,806
Other	917	27	-	944
Total operating revenues	<u>1,252,281</u>	<u>1,659,624</u>	<u>83,845</u>	<u>2,995,750</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	768,366	192,673	-	961,039
Administrative fees	-	123,455	-	123,455
Operations and maintenance	307,379	1,267,153	83,179	1,657,711
Depreciation and amortization	276,607	32,818	-	309,425
Total operating expenses	<u>1,352,352</u>	<u>1,616,099</u>	<u>83,179</u>	<u>3,051,630</u>
Operating income (loss)	<u>(100,071)</u>	<u>43,525</u>	<u>666</u>	<u>(55,880)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment income	4,406	4,410	1,475	10,291
Interest and fiscal charges	(29,465)	-	-	(29,465)
Gain/(loss) on disposal of assets	898	-	-	898
Total nonoperating revenues (expenses)	<u>(24,161)</u>	<u>4,410</u>	<u>1,475</u>	<u>(18,276)</u>
Income (loss) before contributions and transfers	<u>(124,232)</u>	<u>47,935</u>	<u>2,141</u>	<u>(74,156)</u>
Transfers in	309,000	-	-	309,000
Transfers out	-	(129,534)	-	(129,534)
Change in net position	184,768	(81,599)	2,141	105,310
Total net position, beginning	<u>1,360,229</u>	<u>608,874</u>	<u>112,587</u>	<u>2,081,690</u>
Total net position, ending	<u>\$ 1,544,997</u>	<u>\$ 527,275</u>	<u>\$ 114,728</u>	<u>\$ 2,187,000</u>



**STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS**

	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 1,253,517	\$ 1,655,074	\$ 83,886	\$ 2,992,477
Payments to suppliers of goods and services	(283,369)	(1,268,527)	(83,179)	(1,635,075)
Payments to employees for services	(768,558)	(150,371)	-	(918,929)
Payment for interfund services	-	(123,455)	-	(123,455)
Net cash provided (used) by operating activities	<u>201,590</u>	<u>112,721</u>	<u>707</u>	<u>315,018</u>
Cash flows from noncapital financing activities				
Transfers to other funds	309,000	-	-	309,000
Transfers to other funds	-	(129,534)	-	(129,534)
Changes to interfund receivables and payables	(136,098)	-	-	(136,098)
Net cash provided (used) by noncapital financing activities	<u>172,902</u>	<u>(129,534)</u>	<u>-</u>	<u>43,368</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	898	-	-	898
Purchases of capital assets	(80,045)	-	-	(80,045)
Interest and fiscal charges paid on capital debt	(29,465)	-	-	(29,465)
Net cash provided (used) by capital and related financing activities	<u>(108,612)</u>	<u>-</u>	<u>-</u>	<u>(108,612)</u>
Cash flows from investing activities				
Sale (purchase) of investments	-	-	-	-
Investment income	4,406	4,410	1,475	10,291
Net cash provided by investing activities	<u>4,406</u>	<u>4,410</u>	<u>1,475</u>	<u>10,291</u>
Net increase (decrease) in cash and cash equivalents	270,286	(12,403)	2,182	260,065
Cash and cash equivalents - beginning of year	<u>214,279</u>	<u>323,534</u>	<u>108,393</u>	<u>646,206</u>
Cash and cash equivalents - end of year	<u>\$ 484,565</u>	<u>\$ 311,131</u>	<u>\$ 110,575</u>	<u>\$ 906,271</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (100,071)	\$ 43,525	\$ 666	\$ (55,880)
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	276,607	32,818	-	309,425
Investments in joint ventures	-	-	-	-
(Increase) decrease in receivables	1,236	(4,550)	41	(3,273)
(Increase) decrease in inventory and prepaid items	5,569	-	-	5,569
(Increase) decrease in liabilities	18,249	40,928	-	59,176
Net cash provided by operating activities	<u>\$ 201,590</u>	<u>\$ 112,721</u>	<u>\$ 707</u>	<u>\$ 315,017</u>

STATISTICAL SECTION



For Fiscal Year Ended June 30, 2018



This section presents detailed information as a context for better understanding the government's overall financial health. In conjunction with the financial statements, notes, and required supplementary information.

Financial Trends

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity

These schedules contain information to help the reader assess one of the City's most significant local revenue sources – sales tax and property tax.

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.



SCHEDULE 1 - NET POSITION BY COMPONENT

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Governmental activities										
Net investment in capital assets	\$68,475	\$70,308	\$64,825	\$60,998	\$56,505	\$57,483	\$56,770	\$55,550	\$58,427	\$59,490
Restricted	8,859	5,616	4,030	3,633	5,878	2,364	2,897	4,151	3,432	6,295
Unrestricted	20,424	16,245	16,398	15,199	20,496	20,391	17,716	14,273	10,222	8,984
Total governmental net position	<u>97,758</u>	<u>92,169</u>	<u>85,253</u>	<u>79,830</u>	<u>82,879</u>	<u>80,238</u>	<u>77,383</u>	<u>73,974</u>	<u>72,081</u>	<u>74,769</u>
Business-type activities										
Net investment in capital assets	66,381	66,627	71,916	63,107	62,237	56,679	55,047	55,429	51,828	53,074
Restricted	2,229	2,803	296	599	2,303	3,215	-	1,005	1,000	1,003
Unrestricted	27,959	25,233	20,862	24,469	24,284	24,892	25,052	16,389	14,758	16,660
Total business-type net position	<u>96,569</u>	<u>94,663</u>	<u>93,074</u>	<u>88,175</u>	<u>88,824</u>	<u>84,786</u>	<u>80,099</u>	<u>72,823</u>	<u>67,586</u>	<u>70,737</u>
Primary government										
Net investment in capital assets	134,856	136,935	136,741	124,105	118,742	114,162	111,817	110,979	110,255	112,564
Restricted	11,088	8,419	4,326	4,232	8,181	5,579	2,897	5,157	4,432	7,298
Unrestricted	48,383	41,478	37,260	39,668	44,780	45,283	42,768	30,662	24,980	25,644
Total primary government net position	<u>\$ 194,327</u>	<u>\$ 186,832</u>	<u>\$ 178,327</u>	<u>\$ 168,005</u>	<u>\$ 171,703</u>	<u>\$ 165,024</u>	<u>\$ 157,482</u>	<u>\$ 146,798</u>	<u>\$ 139,667</u>	<u>\$ 145,506</u>



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SCHEDULE 2 - CHANGE IN NET POSITION

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Expenses										
Governmental activities										
General government	\$8,858	\$8,988	\$8,192	\$8,195	\$8,279	\$7,406	\$8,984	\$10,198	\$9,821	\$9,033
Public safety	19,238	20,510	19,661	17,450	17,996	16,356	16,679	17,790	18,459	18,182
Highways and public improvements	6,253	6,842	6,870	6,291	6,837	8,666	7,880	7,277	8,034	7,008
Parks, recreation, and culture	9,931	8,682	8,444	8,030	7,947	7,539	7,068	7,480	7,717	7,265
Debt service - interest & fiscal charges	335	323	317	303	336	384	440	548	621	559
Total governmental expenses	<u>44,615</u>	<u>45,345</u>	<u>43,484</u>	<u>40,269</u>	<u>41,395</u>	<u>40,351</u>	<u>41,051</u>	<u>43,293</u>	<u>44,652</u>	<u>42,047</u>
Business-type activities										
Water	4,828	4,755	4,560	4,399	4,139	4,128	4,085	4,887	5,998	4,223
Wastewater	6,748	5,612	3,425	3,555	3,412	3,354	3,255	2,732	3,274	3,563
Power	32,142	32,080	32,429	32,613	32,412	30,312	31,190	32,432	32,420	35,358
Murray parkway	1,382	1,729	1,295	1,394	1,290	1,260	1,697	1,614	1,485	1,574
Telecom	83	68	84	69	71	63	33	-	-	-
Solid waste	1,616	1,571	1,323	1,229	1,189	1,127	1,050	942	806	832
Storm water	2,614	2,457	2,342	2,452	2,240	1,918	1,885	1,691	1,421	1,392
Total business-type activities expenses	<u>49,413</u>	<u>48,272</u>	<u>45,458</u>	<u>45,711</u>	<u>44,753</u>	<u>42,162</u>	<u>43,195</u>	<u>44,298</u>	<u>45,404</u>	<u>46,942</u>
Total primary government expenses	<u>\$94,028</u>	<u>\$93,617</u>	<u>\$88,942</u>	<u>\$85,980</u>	<u>\$86,148</u>	<u>\$82,513</u>	<u>\$84,246</u>	<u>\$87,591</u>	<u>\$90,056</u>	<u>\$88,989</u>
Program revenues										
Governmental activities										
Charges for services										
General government	\$3,159	\$3,545	\$3,680	\$3,340	\$3,338	\$3,090	\$3,423	\$6,149	\$5,926	\$5,964
Public safety	2,123	2,176	1,808	1,661	1,531	900	1,183	1,500	644	867
Highways & public improvements	-	-	-	63	71	58	99	78	85	97
Parks, recreation, and culture	1,779	1,777	2,025	1,739	1,695	1,616	1,775	1,925	1,750	1,678
Operating grants and contributions	2,527	2,638	2,514	3,306	-	5,085	4,478	1,385	406	457
Capital grants & contributions	429	2,239	1,496	213	4,606	626	2,087	2,472	2,179	1,232
Total governmental program revenues	<u>10,017</u>	<u>12,375</u>	<u>11,523</u>	<u>10,322</u>	<u>11,241</u>	<u>11,375</u>	<u>13,045</u>	<u>13,509</u>	<u>10,990</u>	<u>10,295</u>
Business-type activities										
Charges for services										
Water	5,751	5,802	5,476	5,245	5,497	5,938	6,373	5,989	4,781	5,492
Wastewater	4,743	4,878	4,815	4,600	4,371	4,196	4,348	4,072	3,397	3,556
Power	37,389	37,254	38,173	36,824	37,514	37,990	37,628	36,329	33,187	35,617
Murray parkway	1,252	1,180	1,274	1,394	1,320	1,460	1,563	1,347	1,421	1,596
Telecom	84	68	84	71	71	67	34	-	-	-
Solid waste	1,659	1,605	1,485	1,385	1,369	1,212	1,010	962	818	819
Storm water	1,879	1,650	1,641	1,617	1,864	1,757	1,403	1,433	1,400	1,467
Capital grants & contributions	256	702	167	178	38	743	833	2,860	-	-
Total business-type program revenues	<u>53,013</u>	<u>53,139</u>	<u>53,115</u>	<u>51,314</u>	<u>52,044</u>	<u>53,363</u>	<u>53,192</u>	<u>52,992</u>	<u>45,005</u>	<u>48,547</u>
Total primary government program revenues	<u>\$63,030</u>	<u>\$65,514</u>	<u>\$64,638</u>	<u>\$61,636</u>	<u>\$63,285</u>	<u>\$64,738</u>	<u>\$66,237</u>	<u>\$66,501</u>	<u>\$55,995</u>	<u>\$58,842</u>
Net (expense)/revenue										
Governmental activities	\$(34,598)	\$(32,970)	\$(31,961)	\$(29,947)	\$(30,154)	\$(28,976)	\$(28,006)	\$(29,783)	\$(33,663)	\$(31,752)
Business-type activities	3,600	4,867	7,657	5,603	7,291	11,201	9,997	8,694	(399)	1,604
Total primary government net expense	<u>\$(30,998)</u>	<u>\$(28,103)</u>	<u>\$(24,304)</u>	<u>\$(24,344)</u>	<u>\$(22,863)</u>	<u>\$(17,775)</u>	<u>\$(18,009)</u>	<u>\$(21,089)</u>	<u>\$(34,062)</u>	<u>\$(30,148)</u>

Note: A state-mandated change in reporting requirements was implemented in FY 2014. This change required E911 fees be reported as revenue and then expensed when it was passed through to another non-taxing government entity.



SCHEDULE 2 - CHANGE IN NET POSITION (continued)

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General revenues & other changes in net position										
Governmental activities										
Taxes										
Sales taxes	\$ 20,320	\$ 19,434	\$ 17,596	\$ 14,181	\$ 13,548	\$ 12,916	\$ 12,847	\$ 12,800	\$ 12,293	\$ 12,444
Property taxes	10,996	11,093	11,031	11,052	10,293	10,299	10,076	9,823	9,700	8,774
Franchise taxes	4,630	4,666	4,794	4,724	4,932	4,993	4,849	4,925	4,931	5,056
Investment income	455	391	232	171	120	203	296	310	396	514
Gain/(loss) on sale & disposal of assets	(2)	57	82	31	57	94	11	-	(85)	51
Miscellaneous	292	608	417	349	279	277	207	196	735	1,181
Rent, transfers & miscellaneous	3,599	3,638	3,231	4,173	3,565	3,606	3,130	3,622	3,005	2,937
Total governmental activities	<u>40,290</u>	<u>39,887</u>	<u>37,383</u>	<u>34,681</u>	<u>32,794</u>	<u>32,388</u>	<u>31,416</u>	<u>31,676</u>	<u>30,975</u>	<u>30,957</u>
Business-type activities										
Investment income	626	408	383	308	288	287	245	183	215	434
Gain/(loss) on sale & disposal of assets	(105)	3	90	50	25	31	163	(17)	39	60
Rent & transfers	(3,599)	(3,638)	(3,231)	(4,173)	(3,565)	(3,606)	(3,130)	(3,622)	(3,005)	(2,937)
Total business-type activities	<u>(3,078)</u>	<u>(3,227)</u>	<u>(2,758)</u>	<u>(3,815)</u>	<u>(3,252)</u>	<u>(3,288)</u>	<u>(2,722)</u>	<u>(3,456)</u>	<u>(2,751)</u>	<u>(2,443)</u>
Total primary government	<u>\$ 37,212</u>	<u>\$ 36,660</u>	<u>\$ 34,625</u>	<u>\$ 30,866</u>	<u>\$ 29,542</u>	<u>\$ 29,100</u>	<u>\$ 28,694</u>	<u>\$ 28,220</u>	<u>\$ 28,224</u>	<u>\$ 28,514</u>
Change in net position										
Governmental activities	\$ 5,692	\$ 6,917	\$ 5,422	\$ 4,734	\$ 2,640	\$ 3,412	\$ 3,410	\$ 1,893	\$ (2,687)	\$ (796)
Business-type activities	522	1,640	4,899	1,788	4,039	7,913	7,275	5,238	(3,151)	(837)
Total primary government	<u>\$ 6,214</u>	<u>\$ 8,557</u>	<u>\$ 10,321</u>	<u>\$ 6,522</u>	<u>\$ 6,679</u>	<u>\$ 11,325</u>	<u>\$ 10,685</u>	<u>\$ 7,131</u>	<u>\$ (5,838)</u>	<u>\$ (1,633)</u>



SCHEDULE 3 - FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting
 (Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General fund										
Reserved	\$ -	\$ -	\$ --	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,490	\$ 2,459
Unreserved	-	-	-	-	-	-	-	-	7,522	7,060
Non-spendable	52	129	173	148	123	-	235	-	-	-
Restricted	121	340	104	258	163	363	1,917	2,159	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	10,164	8,797	9,280	8,624	8,440	9,638	9,150	10,546	-	-
Total General Fund	<u>\$ 10,337</u>	<u>\$ 9,266</u>	<u>\$ 9,557</u>	<u>\$ 9,030</u>	<u>\$ 8,726</u>	<u>\$10,001</u>	<u>\$ 11,302</u>	<u>\$ 12,705</u>	<u>\$ 9,012</u>	<u>\$ 9,519</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,028	\$ 5,077
Unreserved	-	-	-	-	-	-	-	-	2,701	2,447
Nonspendable	35	39	36	34	16	-	-	20	-	-
Restricted	8,651	5,260	3,926	3,374	5,715	1,481	461	1,472	-	-
Committed	1,433	1,420	1,354	1,046	1,404	1,359	1,316	1,322	-	-
Assigned	14,193	12,016	10,999	11,282	10,368	9,897	6,223	3,361	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 24,312</u>	<u>\$ 18,735</u>	<u>\$ 16,315</u>	<u>\$ 15,736</u>	<u>\$ 17,503</u>	<u>\$ 12,737</u>	<u>\$ 8,000</u>	<u>\$ 6,175</u>	<u>\$ 5,729</u>	<u>\$ 7,524</u>

Note: Per GASB Statement No. 54, fund balances have been reclassified beginning FY 2011.



SCHEDULE 4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting
 (Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Revenues										
Taxes & special assessments	\$ 35,946	\$ 35,193	\$ 33,421	\$ 29,956	\$ 28,773	\$ 28,208	\$ 27,625	\$ 27,442	\$ 27,222	\$ 26,181
Licenses & permits	1,776	2,088	1,989	1,530	1,400	1,380	1,526	1,439	1,180	1,236
Intergovernmental	2,709	3,974	3,372	2,905	4,417	5,085	4,478	3,423	2,585	1,688
Administrative fees	-	-	-	-	-	3,025	2,994	2,742	3,003	2,989
Charges for services	3,720	3,479	3,419	2,944	2,892	2,575	3,057	3,514	2,431	2,597
Fines & forfeitures	1,245	1,347	1,623	1,810	1,938	1,710	1,897	1,958	1,791	1,784
Emergency 911 Fees	-	475	466	448	424	-	-	-	-	-
Miscellaneous	292	608	418	349	279	278	207	196	734	1,181
Investment Income	426	371	220	163	113	194	286	306	391	496
Total revenues	<u>46,114</u>	<u>47,535</u>	<u>44,928</u>	<u>40,105</u>	<u>40,236</u>	<u>42,455</u>	<u>42,070</u>	<u>41,020</u>	<u>39,337</u>	<u>38,152</u>
Expenditures										
General government	6,667	6,659	6,374	6,355	6,169	8,561	9,697	7,952	7,991	7,969
Public safety	18,597	18,993	18,371	17,483	17,387	16,424	15,987	16,719	16,927	19,804
Highways & public improvements	4,220	4,598	4,790	4,536	6,190	6,496	6,204	4,657	4,738	3,467
Parks, recreation and culture	9,106	7,579	7,660	7,238	5,785	6,957	6,325	6,657	6,740	6,847
Capital outlay	7,720	12,603	5,910	6,608	3,315	3,377	2,883	1,058	5,134	4,342
Debt service										
Principal	511	4,376	2,008	1,565	1,289	1,524	1,754	2,634	2,066	1,723
Interest	434	420	349	331	353	410	475	589	659	515
Bond issuance costs	-	-	-	-	-	-	-	-	-	141
Pledge payment - UTOPIA	1,748	1,714	1,680	1,647	1,615	1,584	1,661	1,123	821	-
Total expenditures	<u>49,003</u>	<u>56,942</u>	<u>47,142</u>	<u>45,763</u>	<u>42,103</u>	<u>45,333</u>	<u>44,986</u>	<u>41,389</u>	<u>45,076</u>	<u>44,808</u>
Excess of revenues over (under) expenditures	(2,889)	(9,407)	(2,214)	(5,658)	(1,867)	(2,878)	(2,916)	(369)	(5,739)	(6,656)
Other financing sources (uses)										
Proceeds from borrowing	5,898	7,521	-	-	1,343	-	-	-	-	6,162
Payments to bond escrow	-	-	-	-	-	-	-	-	-	(1,520)
Capital lease financing	-	-	-	-	420	96	-	-	207	1,557
Transfers in	17,048	9,632	8,583	8,255	8,471	10,923	7,261	4,824	4,181	4,681
Transfers out	(13,448)	(5,694)	(5,346)	(4,074)	(4,906)	(7,317)	(4,131)	(1,202)	(1,176)	(1,744)
Sales of capital assets	40	77	82	16	29	1,363	208	886	224	210
Total other financing sources (uses)	<u>9,538</u>	<u>11,536</u>	<u>3,319</u>	<u>4,197</u>	<u>5,357</u>	<u>5,065</u>	<u>3,338</u>	<u>4,508</u>	<u>3,436</u>	<u>9,346</u>
Net change in fund balances	<u>\$ 6,649</u>	<u>\$ 2,129</u>	<u>\$ 1,105</u>	<u>\$ (1,461)</u>	<u>\$ 3,490</u>	<u>\$ 2,187</u>	<u>\$ 422</u>	<u>\$ 4,139</u>	<u>\$ (2,303)</u>	<u>\$ 2,690</u>
Debt service as a % of noncapital expenditures										
	6.98%	17.21%	10.85%	9.95%	9.17%	9.15%	10.18%	12.08%	9.74%	5.88%

Notes:

- UTOPIA pledge payments are not included in the debt service ratio since it is not a direct City obligation.
- Two (2) state-mandated changes in reporting requirements were implemented in FY 2014. First, E911 fees were required to be reported as revenue and then expensed when passed through to another non-taxing government entity; and second, administrative fees were to no longer be treated as revenue but instead the expenditures attributed to these services were to be reported directly in the funds receiving the service.



SCHEDULE 5 - TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

Accrual basis of accounting

Fiscal Year	Property Tax	Tax Increment	Sales Tax*	Franchise Tax	Transient Room Tax	Total
2018	\$ 8,488,555	\$ 2,506,977	\$ 20,095,999	\$ 4,630,311	\$ 224,117	\$ 35,945,959
2017	8,433,772	2,658,774	19,227,686	4,666,627	205,970	35,192,828
2016	8,272,206	2,759,197	17,407,444	4,793,748	188,749	33,421,344
2015	8,275,306	2,776,692	14,024,199	4,723,793	156,393	29,956,383
2014	8,159,505	2,133,581	13,461,012	4,931,685	86,875	28,772,658
2013	8,061,307	2,237,283	12,821,666	4,993,384	94,359	28,207,999
2012	8,085,132	1,990,650	12,613,871	4,849,560	85,884	27,625,097
2011	7,992,332	1,830,905	12,589,925	4,924,741	104,295	27,442,198
2010	7,900,865	1,799,287	12,517,564	4,931,012	73,421	27,222,149
2009	8,012,195	761,403	12,249,133	5,056,167	102,350	26,181,248

Note: In FY 2016, the city passed a 0.2% sales tax authorized by the Utah State Legislature.



**SCHEDULE 6 - ASSESSED VALUE AND ESTIMATED ACCRUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years**

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Total Real Taxable Assessed Value</u>	<u>Estimated Actual Real Taxable Value</u>	<u>Ratio of Total Assessed Value to Total Estimated Actual Value</u>	<u>Murray City Direct Tax Rate</u>	<u>Murray City Library Tax Rate</u>
2017	2018	\$ 4,456,659,721	\$ 6,454,562,023	69.05%	0.001415	0.000344
2016	2017	4,102,757,654	5,944,846,239	69.01%	0.001522	0.000370
2015	2016	3,757,320,168	5,477,592,570	68.59%	0.001648	0.000401
2014	2015	3,557,744,127	5,194,496,520	68.49%	0.001734	0.000422
2013	2014	3,386,078,259	4,908,687,090	68.98%	0.001782	0.000434
2012	2013	3,268,771,128	4,728,904,683	69.12%	0.001817	0.000442
2011	2012	3,314,520,835	4,828,368,654	68.65%	0.001772	0.000431
2010	2011	3,362,914,199	4,900,456,861	68.62%	0.001740	0.000420
2009	2010	3,492,958,784	5,088,229,332	68.65%	0.001630	0.000400
2008	2009	4,003,764,780	5,784,282,766	69.22%	0.001420	0.000350

Source: Utah State Tax Commission – Property Tax Division (www.taxrates.utah.gov)

Note: All property in Salt Lake County is assessed annually. All real property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Business personal property is self-assessed annually and is not included above.



SCHEDULE 7 – DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years

Tax Year	Fiscal Year	Murray City	Murray City Library	Murray School District	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2017	2018	0.001415	0.000344	0.006185	0.002238	0.000017	0.000400
2016	2017	0.001522	0.000370	0.006291	0.002639	0.000018	0.000400
2015	2016	0.001648	0.000401	0.007086	0.002819	0.000019	0.000405
2014	2015	0.001734	0.000422	0.006846	0.003036	0.000020	0.000422
2013	2014	0.001782	0.000434	0.007003	0.003180	0.000020	0.000446
2012	2013	0.001817	0.000442	0.006481	0.002793	0.000021	0.000455
2011	2012	0.001772	0.000431	0.006201	0.002696	0.000052	0.000436
2010	2011	0.001740	0.000420	0.005930	0.002590	0.000050	0.000420
2009	2010	0.001630	0.000400	0.005520	0.002290	0.000030	0.000400
2008	2009	0.001420	0.000350	0.004790	0.001920	0.000020	0.000290

Source: Utah State Tax Commission – Property Tax Division (www.taxrates.utah.gov)



SCHEDULE 8 - PROPERTY TAX LEVIED AND COLLECTIONS
Last Ten Fiscal Years

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2017	2018	\$ 6,173,908	\$ 6,236,623	101.02%	\$ -	\$ 6,236,623	101.02%
2016	2017	6,081,431	6,165,882	101.39%	52,142	6,218,024	102.25%
2015	2016	6,044,982	6,105,217	101.00%	130,061	6,235,278	103.15%
2014	2015	6,003,221	6,072,274	101.15%	85,198	6,157,472	102.57%
2013	2014	6,014,202	5,964,588	99.18%	106,748	6,071,335	100.95%
2012	2013	5,887,409	5,830,924	99.04%	142,786	5,973,710	101.47%
2011	2012	5,903,253	5,839,394	98.92%	133,644	5,973,038	101.18%
2010	2011	5,903,086	5,779,782	97.91%	149,721	5,929,503	100.45%
2009	2010	5,863,420	5,669,616	96.69%	193,997	5,863,613	100.00%
2008	2009	5,979,944	5,764,695	96.40%	215,249	5,979,944	100.00%

Source: Salt Lake County Treasurer

Note: Property tax collections may be higher than the amount levied and budgeted due to new growth and the collection of personal property tax.



SCHEDULE 9 - PRINCIPAL PROPERTY TAXPAYERS
For Years Ended June 30, 2018 and 2013

Taxpayer	2018			2013		
	Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Fashion Place SA LLC	\$ 212,731,300	1	5.0%	\$ 97,824,500	1	3.1%
IHC Health Services 5121 S Cottonwood	91,533,870	2	2.2%	92,753,760	2	2.9%
5300 Development LLC	39,675,100	3	0.9%			0.0%
The Pointe @ 53rd LLC	36,410,800	4	0.9%	27,496,100	3	0.9%
Stillwater Apartments	32,350,450	5	0.8%	18,858,510	4	0.6%
Cobble Creek-36 LP	28,733,375	6	0.7%	15,624,455	6	0.5%
IHC Health Services 5383 S Green	24,064,800	7	0.6%	16,991,460	5	0.5%
Education Capital Solutions	22,837,100	8	0.5%			
IHC Health Services 5848 Fashion Place Blvd	21,794,990	9	0.5%			
5300 South Center LLC	19,553,300	10	0.5%	13,870,800	7	0.4%
IHC Health Services 5201 S Intermountain		18	0.0%	13,280,500	8	0.4%
Tio Milestone James Pointe	18,844,485	12	0.4%	13,012,670	9	0.4%
Roderick Enterprises		16	0.0%	12,974,200	10	0.4%
	<u>\$548,529,570</u>		<u>13.0%</u>	<u>\$322,686,955</u>		<u>10.2%</u>

Source: Salt Lake County Assessor database (Murray City GIS system)

Notes: Annual amounts are shown only for the top ten ranked properties. 2013 is the oldest year values available in the City's database.



SCHEDULE 10 - PRINCIPAL SALES TAXPAYERS
For Years Ended June 30, 2018 and 2008

Taxpayer	2018		2009	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Retail	1	10.16%	1	11.27%
Vehicle sales	2	4.65%	4	4.12%
Vehicle sales	3	4.38%		
Vehicle sales	4	3.67%	6	2.81%
Vehicle sales	5	3.55%	7	2.79%
Retail	6	3.47%	2	4.98%
Retail	7	3.31%		
Vehicle sales	8	3.30%	8	2.79%
Furnishing	9	2.91%	3	4.87%
Retail	10	2.72%	5	3.15%
Vehicle sales	11	2.54%	10	2.34%
Vehicle sales	12	2.51%		
Vehicle sales	13	2.46%		
Retail	14	2.11%	11	2.13%
Government services	15	1.80%	13	1.98%
Building products	16	1.79%	15	1.92%
Building products	17	1.65%		
Retail	18	1.64%	9	2.71%
Building products	19	1.46%		
Grocery	20	1.30%		
Vehicle sales	21	1.27%	14	1.96%
Vehicle sales			12	2.06%
Total		62.65%		51.88%

Source: Utah State Tax Commission

Notes:

- Percentage based on direct point of sales tax collection
- Due to the confidential nature of sales tax, taxpayer industries have been published rather than taxpayer names.



SCHEDULE 11 – DIRECT AND OVERLAPPING SALES TAX RATES
Last Ten Fiscal Years

Fiscal Year	Direct Rate	Overlapping Rates	
	Murray City	Salt Lake County	State of Utah
2018	1.20%	1.15%	4.70%
2017	1.20%	1.15%	4.70%
2016	1.20%	1.15%	4.70%
2015	1.00%	1.15%	4.70%
2014	1.00%	1.15%	4.70%
2013	1.00%	1.15%	4.70%
2012	1.00%	1.15%	4.70%
2011	1.00%	1.15%	4.70%
2010	1.00%	1.15%	4.70%
2009	1.00%	1.15%	4.70%

Source: Utah State Tax Commission – Sales Tax Division (www.taxrates.utah.gov)



SCHEDULE 12 – RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2018	\$ 14,199,939	\$ -	\$ 9,783,495	\$ -	\$ 23,983,434	1.44%	\$ 519
2017	8,853,806	79,042	10,613,585	-	18,418,189	1.15%	403
2016	5,733,941	220,278	6,650,168	-	12,604,387	0.76%	273
2015	7,650,673	275,065	16,907,693	-	24,833,431	1.45%	540
2014	9,125,495	382,770	17,996,673	-	27,504,938	1.56%	588
2013	8,975,319	76,612	24,206,461	-	33,258,392	1.77%	698
2012	10,498,143	-	25,788,754	56,434	36,343,331	1.97%	759
2011	11,850,000	269,149	26,130,000	220,313	38,469,462	2.16%	823
2010	13,305,000	1,448,203	27,765,000	378,419	42,896,622	2.58%	932
2009	14,865,000	1,746,581	29,420,000	531,009	46,562,590	2.80%	1,010

Source: Per capita is linked to the Demographic and Economic Statistics table from this report.

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.



SCHEDULE 13 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2) (3)
Debt repaid with property taxes			
Murray City School District	\$ 36,415,000	100.00%	\$ 36,415,000
Salt Lake County General Obligation Debt	226,300,000	4.815%	10,896,798
Other debt			
Salt Lake County Sales Tax Bonds	204,900,000	4.54%	9,302,460
Salt Lake County Lease Revenue Bonds	59,300,000	4.54%	2,692,220
Salt Lake County Capital Leases	500,000	4.54%	22,700
Salt Lake County Special Assessment Bonds	-	4.54%	-
Salt Lake County Transportation Rev. Bonds	102,500,000	4.54%	4,653,500
Salt Lake County Notes Payable	51,400,000	4.54%	2,333,560
Murray City Schools Lease Revenue Bonds	6,123,000	100.00%	6,123,000
Subtotal, overlapping debt			72,439,238
Murray City direct debt			14,199,939
Total direct and overlapping debt			\$ 86,639,177

Sources: Murray School District and Salt Lake County CAFR(s) for the latest available fiscal year (FY 2017)

References:

- (1) For *Debt repaid with property taxes* - the percentage of overlapping debt applicable to Murray City was estimated using taxable assessed property within Murray City divided by the Counties taxable assessed value. For *Other debt* - the percentage of overlapping debt is Murray City's population divided by Salt Lake Counties Population according to the 2010 Census.
- (2) Murray City School District's debt is as of their fiscal year end which is June 30.
- (3) Salt Lake County's debt is as of their fiscal year end which is December 31.

Note: Overlapping governments are those that coincide, at least in part with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be considered. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.



SCHEDULE 14 – LEGAL DEBT MARGIN

Last Ten Fiscal Years

(Amounts expressed in thousands)

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Debt limit										
General (4% Fair Cash Value)	\$258,182	\$237,794	\$219,104	\$207,780	\$196,347	\$189,156	\$193,135	\$196,018	\$203,529	\$231,371
Water and Sewer (4% Fair Cash Value)	258,182	237,794	219,104	207,780	196,347	189,156	193,135	196,018	203,529	231,371
Total 8% Debt Limit	516,365	475,588	438,207	415,560	392,695	378,312	386,269	392,037	407,058	462,743
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$516,365</u>	<u>\$475,588</u>	<u>\$438,207</u>	<u>\$415,560</u>	<u>\$392,695</u>	<u>\$378,312</u>	<u>\$386,269</u>	<u>\$392,037</u>	<u>\$407,058</u>	<u>\$462,743</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Property Assessed Value	\$4,456,660									
Estimated Actual Real Taxable Value	\$6,454,562									
Debt Limit (8% of Reasonable Fair Cash Value)	516,365									
Debt Applicable to Limit:										
General Obligation Bonds	-									
Less: Amount Set Aside for Repayment of General Obligation Debt	-									
Total Net Debt Applicable to Limit	-									
Legal Debt Margin	<u>\$516,365</u>									

Source: Salt Lake County Auditor's Office

Note: The general obligation bonded debt of the City is limited by the Utah Constitution (Section 14, Paragraph 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any used portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.



SCHEDULE 15 – PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Sales Tax Revenue Bonds						
Fiscal Year	Sales Tax Revenue	Debt Service			Coverage	
		Principal	Interest			
2018	\$ 20,095,999	\$ 587,000	\$ 388,185		20.61	
2017	19,227,686	1,208,000	345,905		12.37	
2016	17,407,444	1,190,000	268,588		11.93	
2015	14,024,199	1,457,000	324,591		7.87	
2014	13,461,012	1,175,000	348,051		8.84	
2013	12,821,666	1,505,000	395,651		6.75	
2012	12,613,871	1,485,000	449,301		6.52	
2011	12,589,925	1,455,000	504,951		6.42	
2010	12,517,564	1,350,000	564,710		6.54	
2009	12,249,133	740,000	366,356		11.07	

Electric Revenue Bonds						
Fiscal Year	Utility Revenues (1)	Less Utility Expenses (2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 37,850,825	\$ 29,082,372	\$ 8,768,453	\$ -	\$ -	N/A
2017	37,559,853	32,080,323	5,479,530	-	-	N/A
2016	38,459,911	32,429,067	6,030,844	1,250,000	345,319	3.78
2015	37,093,425	29,186,348	7,907,077	1,200,000	405,319	4.93
2014	37,749,228	28,785,495	8,963,733	1,545,000	588,208	4.20
2013	38,215,546	26,585,169	11,630,377	1,505,000	763,671	5.13
2012	37,868,196	27,374,850	10,493,346	1,360,000	946,684	4.55
2011	36,527,393	28,380,854	8,146,539	1,315,000	1,003,759	3.51
2010	33,372,210	27,194,578	6,177,632	1,255,000	1,057,379	2.67
2009	35,876,773	30,789,288	5,087,485	1,315,000	1,003,759	2.19

Water and Sewer Revenue Bonds						
Fiscal Year	Utility Revenues (1)	Less Utility Expenses (2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$ 10,604,268	\$ 9,786,436	\$ 817,832	\$ 627,000	\$ 148,613	1.05
2017	10,783,806	8,392,047	2,391,759	610,000	136,681	3.20
2016	10,451,769	6,215,077	4,236,692	600,000	152,102	5.63
2015	9,916,952	5,969,386	3,947,566	169,000	149,697	12.39
2014	9,910,178	5,703,286	4,206,892	557,000	178,361	5.72
2013	10,196,682	5,736,136	4,460,546	440,000	160,730	7.43
2012	10,860,873	5,570,615	5,290,258	361,000	286,834	8.17
2011	10,022,697	6,188,768	5,290,258	350,000	299,000	8.15
2010	8,235,529	7,076,036	3,833,929	340,000	309,788	5.90
2009	9,263,744	5,980,985	3,282,759	330,000	319,425	5.05

Storm Water Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2018	\$1,926,619	\$ 1,172,735	\$753,884	220,000	154,042	2.02
2017	1,636,905	1,070,743	566,162	220,000	77,141	1.91
2016	1,647,997	1,013,897	634,100	215,000	70,992	2.22
2015	1,627,702	1,167,331	460,371	210,000	71,576	1.63
2014	1,890,901	968,255	922,646	210,000	66,391	3.34
2013	1,780,378	672,396	1,107,982	-	-	N/A

References:

- (1) Revenues include operating and non-operating revenues.
- (2) Expenses exclusive of depreciation, amortization, loss in joint venture, interest expense, and in lieu of tax transfers.

Note: Details regarding City's outstanding debt can be found in the Notes to the Financial Statements.



SCHEDULE 16 – DEMOGRAPHIC AND ECONOMIC STATISTICS

June of each year	Population (1)	Personal Income	Per Capita Personal Income (2)	Unemployment Rate (3)
2018	49,295	\$ 2,387,406,145	\$ 48,431	3.0%
2017	49,203	2,302,946,415	46,805	3.2%
2016	49,165	2,155,196,940	43,836	3.5%
2015	48,822	2,099,883,042	43,011	3.3%
2014	48,612	2,073,933,756	42,535	3.5%
2013	48,263	1,980,616,994	41,269	4.3%
2012	47,632	1,880,273,200	40,623	5.7%
2011	46,746	1,764,381,024	39,013	7.3%
2010	46,010	1,715,068,760	37,668	6.3%
2009	46,201	1,663,605,608	36,008	5.7%

Sources:

- (1) United States Census Bureau
- (2) U.S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County/City
- (3) Utah Department of Workforce Services for Salt Lake County



SCHEDULE 17 – PRINCIPAL EMPLOYERS
For Years Ended June 30, 2018 and 2009

Employer	Industry Type	2018		2009	
		Rank	Employees	Rank	Employees
Intermountain Medical Center	Health Care Hospital	1	4,463	1	4,743
SelectHealth	Health Care- Insurance	2	1,400		
Murray City School District	Public Education	3	860	3	868
Murray City Corporation	City Government	4	693	2	977
IHC Health Services	Health Care- Medical Lab	5	378		
3M Health Information Systems	Data Processing Services	6	350	6	377
IHC Health Services	Health Care - Hospital	7	347		
Sutter Connect, LLC	Medical Office Services	8	333		
Nordstrom, Inc.	Retailer	9	297	5	394
Costco Wholesale Corp	Retailer	10	280	7	311
The University of Phoenix	Higher Education			4	474
The Cheesecake Factory	Restaurant		255	8	255
Sorenson Bio Science	Plastic products		214	9	250
Zevez	Electrical appliance and Equipment		174	10	218

Source: Murray City Business Licensing and Murray City School District



SCHEDULE 18 – FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function/Program	Full Time Equivalent Employees as of June 30									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
General Government	68	64	63	63	62	61	61	60	63	59
Police										
Officers	76	78	76	72	70	74	73	79	77	75
Civilians	9	9	11	12	11	12	10	12	14	18
Fire										
Firefighters	63	62	63	59	55	59	58	60	61	59
Civilians	1	1	1	1	1	1	1	2	2	3
Highways & Public Improvements	28	29	27	28	27	27	28	34	34	35
Parks & Recreation	35	38	35	35	34	33	33	33	33	34
Library	11	12	11	11	12	10	11	9	12	9
Community & Economic Development	6	6	7	7	7	6	6	5	5	4
Central Garage	4	4	4	4	4	4	4	4	4	4
Power	46	45	46	46	46	46	46	52	55	55
Water	17	17	17	17	17	16	16	16	17	16
Wastewater	8	8	7	8	7	8	8	8	9	9
Golf Course	6	7	7	7	7	7	7	8	10	8
Solid Waste	2	2	1	0	0	0	0	0	0	0
Storm Water	8	8	7	8	7	7	7	7	6	7
Total Full Time Employees	<u>388</u>	<u>390</u>	<u>378</u>	<u>367</u>	<u>371</u>	<u>369</u>	<u>389</u>	<u>402</u>	<u>395</u>	<u>386</u>
Seasonal (Part Time) Employees	<u>305</u>	<u>332</u>	<u>424</u>	<u>385</u>	<u>426</u>	<u>477</u>	<u>459</u>	<u>514</u>	<u>579</u>	<u>560</u>
Total Employees	<u>693</u>	<u>722</u>	<u>802</u>	<u>752</u>	<u>797</u>	<u>846</u>	<u>848</u>	<u>916</u>	<u>974</u>	<u>946</u>



SCHEDULE 19 – OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Physical arrests	2,997	1,897	3,602	1,899	2,175	3,752	2,436	2,484	2,735	2,588
Traffic citations	9,378	7,438	5,242	5,615	8,231	5,508	6,847	8,694	8,057	8,141
Fire calls	1,458	1,381	1,354	1,260	1,156	1,194	1,622	1,231	1,306	1,496
Medical calls	5,339	5,125	4,842	4,313	4,117	4,177	3,515	3,781	3,801	3,741
Inspections	1,249	1,553	1,399	1,149	1,694	1,448	1,673	2,017	1,309	794
Parks & recreation										
Park center admissions	42,255	39,164	36,211	33,536	34,839	29,839	35,691	38,451	46,744	34,000
Recreation participants	16,730	17,583	17,604	15,777	13,768	13,089	14,219	14,242	15,402	17,779
Heritage Center										
Participants	1,525	1,478	1,734	1,947	1,993	1,871	1,941	1,894	1,625	951
Activity Participation	71,712	73,752	76,841	76,098	76,330	76,607	81,212	84,485	85,570	84,269
Library										
Volumes in collection	69,477	71,133	75,914	78,759	74,971	69,734	77,069	85,100	86,892	90,627
Total volumes borrowed	475,394	499,292	548,060	611,149	611,633	572,997	568,372	524,487	524,179	418,169
Visitors	346,685	371,330	395,481	425,507	357,461	N/A	N/A	N/A	N/A	N/A
Water										
Customers Residential	8,912	8,858	8,761	8,716	8,674	8,644	8,611	8,602	8,593	8,571
Customers Commercial	1,516	1,493	1,389	1,372	1,360	1,353	1,345	1,344	1,339	1,319
Annual consumption (in millions of gallons)	2,834	2,827	2,758	2,583	3,066	3,018	2,841	2,650	2,519	3,784
Wastewater										
Customers Residential	8,450	8,419	8,376	8,334	8,300	8,173	8,147	8,142	8,142	8,119
Customers Commercial	1,187	1,171	1,163	1,150	1,141	1,058	1,047	1,046	1,044	1,032
Power										
Customers Residential	14,819	14,651	14,688	14,573	14,429	14,209	13,619	13,576	13,573	13,546
Customers Commercial	3,247	3,204	3,179	3,193	3,149	3,147	3,125	3,125	3,100	3,094
Peak demand (KW)	102,290	103,053	102,460	107,120	103,478	101,838	98,100	97,490	97,000	98,327
Internal generation (MWH)	9,845	11,457	13,846	17,913	18,096	9,465	19,523	17,546	23,031	21,261
Purchased power (MWH)	410,237	415,474	416,299	410,606	407,148	426,388	419,388	412,943	412,385	448,487



SCHEDULE 20 – CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending June 30,									
	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	43	44	43	42	39	40	40	41	41	42
Public works										
Streets(miles)	148	148	147	147	147	147	147	144	144	144
Streetlights	2,754	2,711	2,701	2,669	2,670	2,639	2,608	2,584	2,574	2,610
Parks & recreation										
Acreage	254	252	252	252	252	252	252	252	252	252
Parks	11	10	10	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	1	1	1	1	1	1	1	1	1	1
Water										
Water lines(miles)	197	199	198	197	197	197	197	192	185	185
Wastewater										
Sanitary sewers(miles)	131	132	129	128	127	127	127	127	127	127
Power										
Generators	5	5	5	5	5	5	5	5	5	5
Substations	6	6	6	6	6	6	6	6	6	6

Notes: The decrease in FY 2018 of water lines was the result of a reconstruction project in 2018 where two smaller lines were replaced with one larger one. The decrease in FY 2018 of sewer lines was due to remapping of the system and removing lines that were within the City boundaries but not owned by the City.