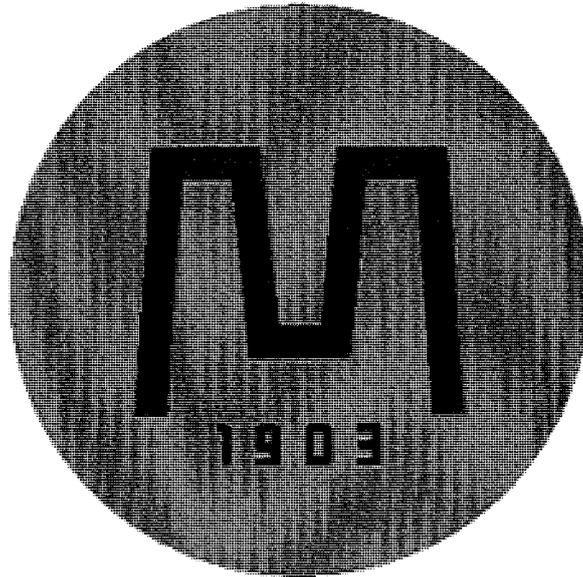


**COMPREHENSIVE  
ANNUAL  
FINANCIAL REPORT**



**MURRAY**

**MURRAY CITY CORPORATION, UTAH**

For the fiscal year ended

**JUNE 30, 2010**

Prepared by:

Department of Finance and Administration  
Pat Wilson, Director

**MURRAY CITY CORPORATION, UTAH**  
**Comprehensive Annual Financial Report**  
**For the Fiscal Year Ended June 30, 2010**

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**INTRODUCTORY SECTION**



**MURRAY CITY CORPORATION  
FINANCE & ADMINISTRATION**

Daniel C. Snarr, Mayor

Pat Wilson CGFM, Finance Director

801-264-2606 FAX 801-264-2517

December 6, 2010

Citizens of Murray City  
The Honorable Mayor and  
Members of the Municipal Council  
Murray City Corporation  
Murray, Utah 84107

The Comprehensive Annual Financial Report (CAFR) of Murray City Corporation (Murray City) for the fiscal year ending June 30, 2010, 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 Division.

This report consists of management's representations concerning the finances of Murray 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, management of the Murray City government 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 Murray City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Murray 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.

Murray City's financial statements have been audited by Hansen, Bradshaw, Malmrose and Erickson, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosure in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Murray City's

financial statements for the fiscal year ended June 30, 2010, are fairly presented in conformity with GAAP. 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 MD&A and should be read in conjunction with it. The Murray City's MD&A can be found immediately following the report of the independent auditors.

### **Profile of the Government**

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. Murray City currently occupies a land area of about 11 square miles and serves a population of about 50,000. Murray 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% local option sales tax on all retail sales.

Murray 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, among other things, for passing ordinances, adopting the budget, approving appointments to committees and approving the department heads appointed by the Mayor. The Mayor, who is full time, is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government and for appointing the heads of the various departments. The City Council is elected on a non-partisan basis with members serving on a staggered four year term basis. The Mayor is elected at-large for a four year term.

The City provides a full range of services. These services include police and fire protection; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In additions to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Storm Water 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.

The annual budget serves as the foundation for Murray City's financial planning and control. All funds of the City are required to submit requests for appropriations to the Mayor on or before the third Monday in February each year. The Mayor uses these requests as the starting point for developing a tentative budget. The Mayor then presents

this tentative budget to the City Council for review by the second Tuesday of April. The City Council is required to hold a public hearing on the tentative budget and to adopt a final budget no later than June 20th. The appropriations budget is prepared by fund, function (e.g. public safety), and department (e.g. police). With the consent of the budget officer, department heads may make transfer of appropriations within a department. Transfer of appropriations between departments requires approval of the City Council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The level of budgeting control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the departmental level within an individual fund.

### **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.** Murray City, like other cities in the area, is experiencing an economic slowdown. Murray City is a major retail center in Salt Lake County with a regional mall, nine major automobile dealerships and several big box retailers. Because of this diversification, Murray City has been able to maintain more stability during this economic change than other cities. The reconstruction of Fashion Place Mall which includes two high end department stores, numerous restaurants and other retail stores, has helped to maintain a stable economic environment.

**Long-term financial planning.** Due to the economic slowdown, Murray City has been less aggressive in capital construction projects within its five year plan. The City has continued to purchase land for the Downtown Development Project from the remaining 2009 Bond proceeds. Further development of the Downtown area will continue as funds are made available. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan. Other long term capital plans will be implemented as future economic conditions allow.

**Pension and other post-employment benefits.** Murray City is a mandatory participant in the state-wide Utah Retirement System (URS), a defined benefit pension plan. Each year the URS engages an independent actuary to determine the contributory rate which must be made to the pension plan to ensure that the plan will be able to fully meet its obligations to retired employees on a timely basis. Murray City is legally required to make this actual determined contribution to pension plans in which the City participates. As a result of the current economic conditions, the URS's Contributory Retirement System is 90% funded, the Non-contributory Retirement System is 86% funded, the Public Safety Retirement System is 81% funded and the Firefighters Retirement System is 97% funded. URS is currently evaluating the Retirement System to determine the course of action toward returning funding levels to higher prior year levels.

Murray City provides some post-retirement health and dental care benefits for its retirees and their dependents. An actuarial study was completed during the last fiscal year and results of the study have been included in the current year financial statements as required by GASB Statement No. 45.

### **Awards and Acknowledgments**

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 Corporation for its comprehensive annual financial report for the fiscal year ended June 30, 2009. This was the twenty-ninth consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized comprehensive annual financial report. This report satisfied 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 staff of the Finance Division. I would like to express my appreciation to all members of my staff who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

Pat Wilson  
Director of Finance and Administration  
Chief Financial Officer

**MURRAY CITY CORPORATION**

PRINCIPAL OFFICERS

ELECTED OFFICIALS

**Daniel C. Snarr**  
Mayor

**Jeffery L. Dredge**  
Council Chairman

**James A. Brass**  
Council Member

**Darren Stam**  
Council Member

**Krista Dunn**  
Council Member

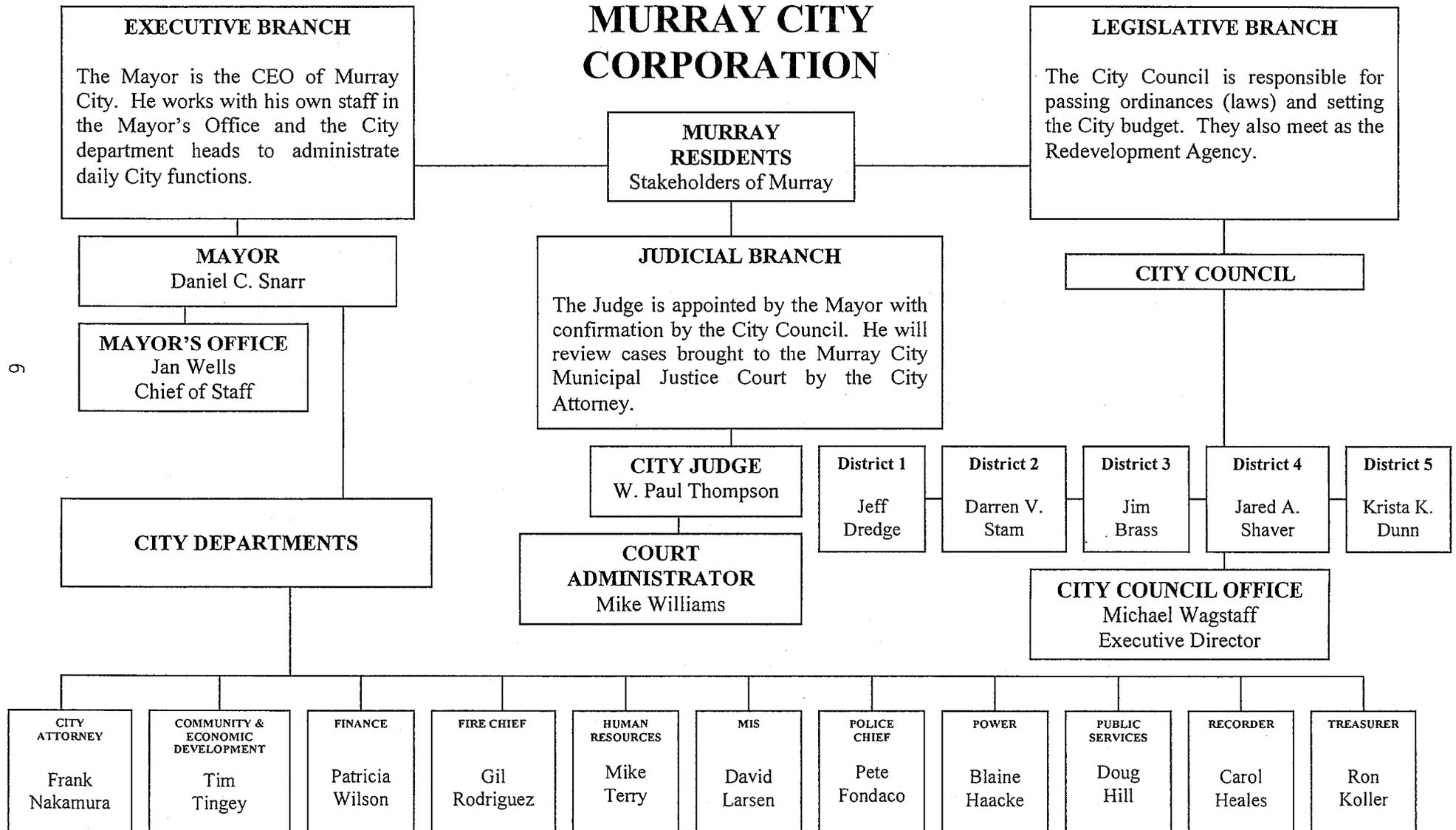
**Jared Shaver**  
Council Member

DEPARTMENT AND DIVISION HEADS

Daniel Barr  
Peter A. Fondaco  
Blaine Haacke  
Carol D. Heales  
Douglas P. Hill  
Ronald L. Koller  
David K. Larsen  
Frank Nakamura  
Gilber Rodriguez  
Michael P. Terry  
W. Paul Thompson  
B. Tim Tingey  
Patricia D. Wilson

Library Director  
Police Chief  
Power General Manager  
City Recorder  
Public Services Director  
City Treasurer  
MIS Director  
City Attorney  
Fire Chief  
Human Resources Director  
Justice Court Judge  
Economic Development Director  
Director of Finance and Administration/CFO

# MURRAY CITY ORGANIZATION CHART



# 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, 2009

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

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**FINANCIAL SECTION**

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South  
Bountiful, Utah 84010  
801-296-0200  
Fax 801-296-1218

E. Lynn Hansen, CPA  
Clarke R. Bradshaw, CPA  
Gary E. Malmrose, CPA  
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Jason L. Tanner, CPA

Robert D. Wood, CPA  
Aaron R. Hixson, CPA  
Ted C. Gardiner, CPA  
Jeffrey B. Miles, CPA

*Members of the  
American Institute  
of Certified Public  
Accountants*

*Members of the  
Private Company  
Practice Section*

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

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

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 Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. 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 *Government 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our 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 Murray City Corporation, Utah, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2010, on our consideration of the City's internal control over financial reporting and 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11 through 22 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and the introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis are not a required part of the basic financial statements. The schedule of expenditures of federal awards, the combining and individual nonmajor fund financial statements and budgetary comparison information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 3, 2010

## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Murray City Corporation, 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, 2010. We encourage readers to consider the information presented here in conjunction with the additional information that we have furnished in our letter of transmittal.

### Financial Highlights

- The assets of Murray City exceeded its liabilities at the close of the most recent fiscal year by \$139,667,238 (net assets). Of this amount, \$24,980,083 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets decreased by \$5,838,312. Much of this decrease was due to the City Council's decision to use unreserved fund balance for operating expenditures during the economic downturn (\$1,978,119). Also a factor in the governmental activities decrease was an unanticipated draw on the pledged reserves from UTOPIA (\$820,615). Business-type activities planned to use reserves to install automated water meters during the current fiscal year (\$2,100,000) and the Power Fund fee increase produced less than expected revenues (\$1,348,333).
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$14,740,698 a decrease of \$2,302,470 in comparison with the prior year. Approximately 69 percent of this total amount, \$10,222,814 is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$7,522,093 or 19 percent of total general fund expenditures.
- Murray City's total bonded debt decreased by \$3,215,000 (7.3 percent) during the current fiscal year.

### Overview of the Financial Statements

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 themselves.

**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 assets* presents information on all of Murray City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Murray City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change 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 of the government-wide financial statements distinguish functions of Murray City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of Murray 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 a Water Fund, Wastewater Fund, Power Fund, Murray Parkway Fund, Solid Waste Management Fund, and Storm Water Fund.

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

**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 on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluation a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of 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.

Murray City maintains seven individual governmental funds. 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 and capital projects

fund which are considered to be major funds. Data from the other five governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

Murray City adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Proprietary funds.** Murray City maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Murray City uses enterprise funds to account for its Water Fund, Waste Water Fund, Power Fund, Storm Water Fund, Murray Parkway Recreation Fund, and Solid Waste Management Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among Murray City's various functions. Murray City uses internal service funds to account for maintenance of its vehicles and for its self insurance programs. Because both of 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 data for the internal service funds is provided in the form of combining statements elsewhere in 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 Water Fund, the Waste Water Fund, the Power Fund, and for the Storm Water Fund all of which are considered to be major funds of Murray City. Data from other proprietary funds are combined into a single aggregated presentation. Individual fund data is provided in the form of combining statements elsewhere in this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

### **Government-wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets exceeded liabilities by \$139,667,238 at the close of the most recent fiscal year.

By far the largest portion of Murray City's net assets (79 percent), reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. Murray City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Murray City's investment in its 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.

**Murray City's Net Assets**  
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$31,633	\$33,151	\$23,140	\$25,437	\$54,773	\$58,588
Capital assets	70,886	71,776	80,463	83,555	151,349	155,331
Total assets	102,519	104,927	103,603	108,992	206,122	213,919
Long-term liabilities outstanding	16,750	17,200	28,105	29,647	44,855	46,847
Other liabilities	13,688	12,958	7,912	8,608	21,600	21,566
Total Liabilities	30,438	30,158	36,017	38,255	66,455	68,413
Net assets:						
Invested in capital assets, net of related debt	58,427	59,490	51,828	53,074	110,255	112,564
Restricted	3,432	6,295	1,000	1,003	4,432	7,298
Unrestricted	10,222	8,984	14,758	16,660	24,980	25,644
Total net assets	\$72,081	\$74,769	\$67,586	\$70,737	\$139,667	\$145,506

An additional portion of Murray City's net assets (3 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$24,980,083) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Murray City is able to report positive balances in all three categories of net assets, both for government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

There was a decrease of \$5,838,312 in net assets of Murray City during the current fiscal year. The primary reason for the decrease in net assets was that revenues continued to decrease as a result of the economic conditions while expenses were not decreased sufficiently to compensate.

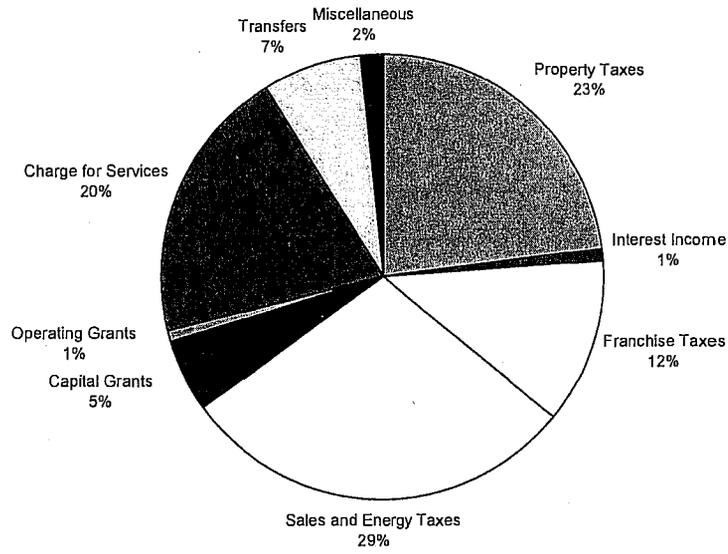
**Governmental activities.** Governmental activities decreased Murray City's net assets by \$2,687,432. Key elements are as follows:

- The annual budget as approved by the Murray City Council planned to use \$1,978,119 of unreserved general fund balance during fiscal year 2010.
- Ambulance service as provided by the City was newly implemented. Actual ambulance fee revenues were under budget by \$415,000.
- The interlocal cooperative, UTOPIA, began making withdrawals from the City's reserve fund which had been pledged toward bond payments. Unbudgeted expenditures of \$820,615 were recognized in the current fiscal year.

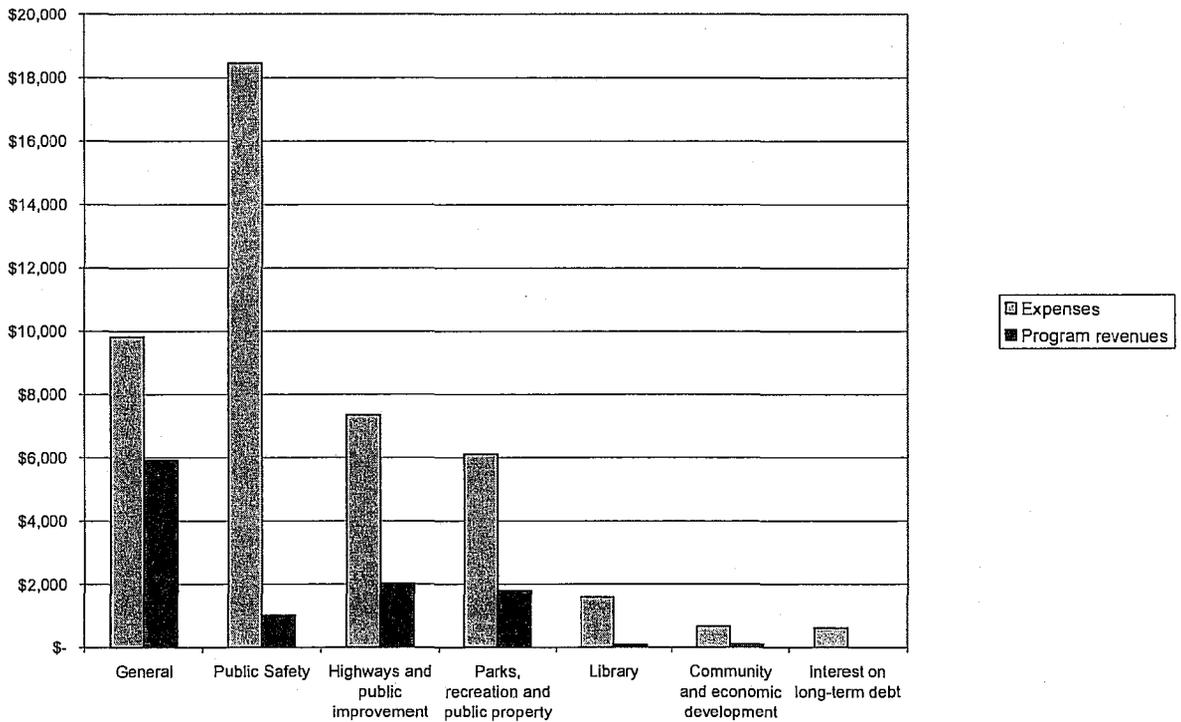
**Murray City's Changes in Net Assets**  
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$8,405	\$8,606	\$45,004	\$48,547	\$53,409	\$57,153
Operating grants and contributions	406	457			406	457
Capital grants and contributions	2,179	1,232			2,179	1,232
General revenues:						
Property taxes	9,700	8,774			9,700	8,774
Franchise taxes	4,931	5,056			4,931	5,056
General sales taxes and energy sales taxes	12,293	12,444			12,293	12,444
Interest income	396	514	215	434	611	948
Gain (loss) on disposal of assets	(85)	51	39	60	(46)	111
Miscellaneous	734	1,181			734	1,181
Total revenues	38,959	38,315	45,258	49,041	84,217	87,356
Expenses:						
General government	9,821	9,033			9,821	9,033
Public safety	18,459	18,182			18,459	18,182
Highways & public improvements	7,358	6,066			7,358	6,066
Parks & recreation	6,118	5,922			6,118	5,922
Library	1,599	1,343			1,599	1,343
Community & economic dev.	676	942			676	942
Interest on long term debt	621	559			621	559
Power			32,420	35,358	32,420	35,358
Water			5,998	4,223	5,998	4,223
Waste Water			3,274	3,563	3,274	3,563
Storm Water			1,485	1,392	1,485	1,392
Non-major proprietary funds			2,227	2,406	2,227	2,406
Total expenses	44,652	42,047	45,404	46,942	90,056	88,989
Increase (decrease) in net assets before transfers	(5,693)	(3,732)	(146)	2,099	(5,839)	(1,633)
Transfers	3,005	2,937	(3,005)	(2,937)	0	-
Increase (decrease) in net assets	(2,688)	(795)	(3,151)	(838)	(5,839)	(1,633)
Net assets at beginning of year	74,769	75,564	70,737	71,575	145,506	147,139
Net assets at end of year	\$72,081	\$74,769	\$67,586	\$70,737	\$139,667	\$145,506

## Revenue by Source - Governmental



## Expenses and Program Revenues - Governmental Activities

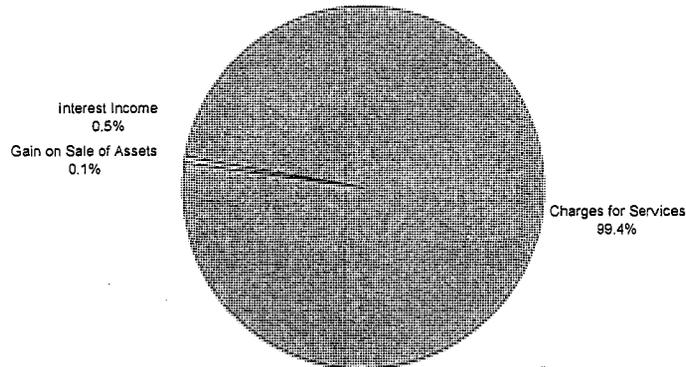


## Business-type activities

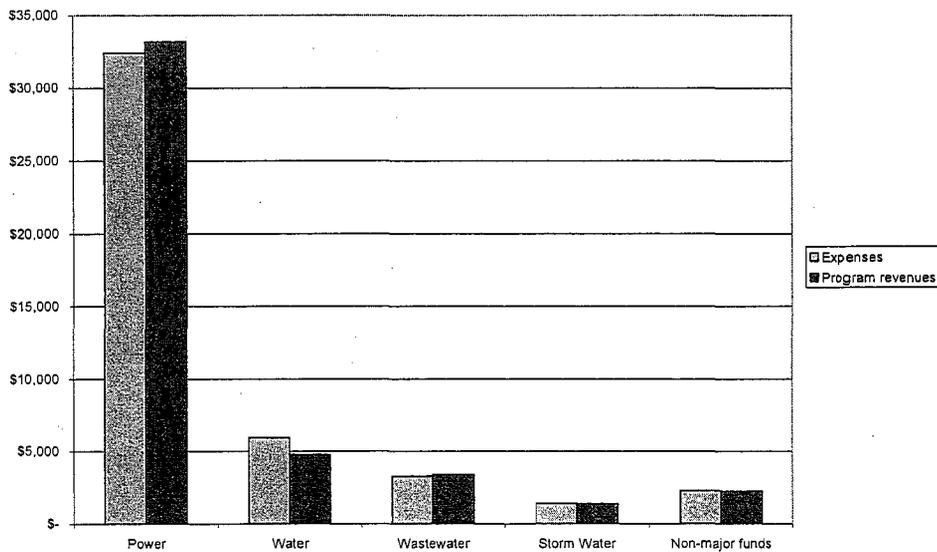
Business-type activities decreased Murray City's net assets by \$3,150,880. Key elements of this decrease are as follows:

- The Water Fund replaced meters with radio read meters (\$1,970,040).
- Transfers to governmental activities for services provided were \$3,005,125. The Power Fund increased their transfers by \$400,000.
- Interest income decreased 50.5% from prior year (\$219,488).

### Revenue by Source - Business-type Activities



### Expenses and Program Revenues - Business-type Activities



## **Financial Analysis of the Government's Funds**

As noted earlier, Murray City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$14,740,698, a decrease of \$2,302,470 in comparison with the prior year. Approximately 69 percent of this total amount or \$10,222,814 constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to pay for capital projects, to meet an obligation to an inter-local cooperative, to generate income to pay for the perpetual care of the municipal cemetery, and for a variety of other restricted purposes.

The general fund is the chief operating fund of Murray City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$7,522,093 while total fund balance was \$9,011,818. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 19 percent of total general fund expenditures, while total fund balance represents 23 percent of that same amount. The fund balance of Murray City's general fund decreased by \$507,028 during the current fiscal year.

UTOPIA, an interlocal cooperative, drew \$820,615 from the pledged Debt Service Reserve Fund which had been previously established for the Murray City's share of any debt service fund shortfall.

The City began providing ambulance service January 1, 2009. The City had little history to develop expected revenue projections for the current fiscal year. As a result revenue projections, as budgeted, were higher than actual revenues received by \$415,164. Accounts receivables of \$648,788 are expected to be collected in the future for services provided during the fiscal year.

Since the City's economic environment was still challenged, City management held back approximately \$1.8 million in budgeted expenditures.

The Capital Projects Fund has a total fund balance of \$3,653,450, a decrease of \$1,739,874 in comparison with the prior year. Thirty-three percent of this amount (\$1,190,609) constitutes unreserved fund balance, which is available for spending on future capital projects. The remainder of fund balance is reserved or designated for purchase of land as specified in the bond covenants of the Sales Tax Revenue bonds issued in March of 2009. During the current fiscal year additional land was purchased for the downtown redevelopment project (\$1,955,359) as well as several City road projects (\$261,872) were completed through expenditures of the Capital Project Fund.

*Proprietary funds.* Murray City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year were \$5,585,537, in the Waste Water Fund unrestricted net assets were \$3,471,974, for the Power Fund unrestricted net assets were \$4,018,132, and for the Storm Water Fund unrestricted net assets were \$935,910. The Water, Waste Water, Power and Storm Water Funds' net assets decreased \$1,738,259, \$237,731, \$966,207, and \$141,262 respectively. The Water Fund planned to use unrestricted net assets to replace water meters with automated meters (\$2,100,000). The Waste Water Fund expected to use unrestricted net assets for the current year operations (\$306,518). Even though unrestricted net assets increased in the Power and Storm Water Fund, the investment in capital assets, net of related debt decreased as old assets were retired.

Besides installing radio read water meters, the Water Department completed a water line on Allendale (\$103,412). The Waste Water Fund purchased a Vac-Con Sewer Cleaner (\$287,252). The Storm Water Fund acquired a new vacuum sweeper (\$189,786) and completed the Allendale storm drain. The cost for the purchase of power by the Power Fund decreased substantially due to economic conditions. The Power Fund also increased the In Lieu of Tax Transfer Expense to the General Fund by \$400,000. Other factors concerning the finances of these funds have already been addressed in the discussion of Murray City's business-type activities.

### **General Fund Budgetary Highlights**

The original budget and the final amended budget were changed by \$374,451, summarized as follows:

- Expenditures within the General Fund were adjusted for payment of a lobbyist at the State Legislature (\$40,000).
- Road improvements to Kingston Avenue were carried forward to be completed in the current fiscal year (\$27,000).
- Unexpected flood damage to a bridge at one of Murray City's parks was repaired (\$100,000).
- To properly account for the lease of a paver by the General Fund, lease proceeds revenue was increased (\$207,451).

The adjustment of \$40,000 for payment of a lobbyist required no new funding since it was a movement between originally approved budgets. The lease proceeds revenue (\$207,451) was recognized as a result of accounting for a capital lease which had not been included in the original approved budget. The remaining budget adjustments (\$127,000) were funded from available fund balances. These budget amendments are expected to have no significant negative effect on future services or liquidity.

### **Capital Asset and Debt Administration**

**Capital assets.** Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2010 was \$151,349,276 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery and

equipment, park facilities, roads, highways, and bridges. The total change in Murray City's investment in capital assets for the current fiscal year was a decrease of \$3,981,503.

This represented an \$890,122 decrease for governmental activities and a \$3,091,381 decrease for business-type activities. These changes in capital assets will have no effect on the availability of fund reserves for future use.

Major capital asset events during the current fiscal year included purchase of land for downtown development (\$2,219,323) and new infrastructure (\$1,531,552). Sewer and Water lines were added (\$1,220,748). Machinery and equipment retirements totaled \$3,539,255. Other asset retirements totaled \$779,812. Additional information on Murray City's capital assets can be found in the Notes to the Financial Statements, Note 4, Capital Assets on page 49.

**Murray City's Capital Assets**  
(In thousands)  
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 13,110	\$ 10,890	\$ 3,993	\$ 3,993	\$ 17,103	\$ 14,883
Buildings	31,596	31,283	6,002	6,002	37,598	37,285
Improvements other than buildings	16,196	16,220	143,916	142,695	160,112	158,915
Machinery and equipment	13,240	14,009	20,833	22,453	34,073	36,462
Infrastructure	59,704	58,173	-	-	59,704	58,173
Construction in progress	837	704	310	469	1,147	1,173
Total Capital Assets	134,683	131,279	175,054	175,612	309,737	306,891
Less accumulated depreciation	(63,797)	(59,503)	(94,591)	(92,057)	(158,388)	(151,560)
Net Capital Assets	\$ 70,886	\$ 71,776	\$ 80,463	\$ 83,555	\$ 151,349	\$ 155,331

**Long-term debt.** At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$41,070,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

**Murray City's Outstanding Debt**  
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2010	2009	2010	2009	2010	2009
Revenue Bonds	\$ 13,305	\$ 14,865	\$ 27,765	\$ 29,420	\$ 41,070	\$ 44,285

Murray City's total bonded debt decreased by \$3,215,000 (7.3 percent) during the current fiscal year. In March 2009 the City issued \$4,580,000 of Sales Tax Revenue Bonds Series 2009A and \$1,535,000 of Sales Tax Revenue Bonds Series 2009B. The proceeds of the Series 2009A are being used to purchase land while the 2009B were used to refund the Sales Tax

Revenue Series 2002 Bonds. The 2009 Sales Tax Bonds were rated AA by Fitch and AA- by Standard and Poor's. Murray City's Electric Revenue Bonds Series 2001, 2004, and 2006 as well as the 2003 Water and Sewer Revenue Bonds, and Sales Tax Revenue Refunding Bonds Series 2007 are rated Aaa by Moody's and are insured. In May 2002, Murray City issued \$1,865,000 in Sales Tax Revenue Bonds Series 2002 to finance capital improvements to various parks within the City. In March 2009 these bonds were refunded as part of the 2009 Series Sales Tax Bonds. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on the refunded 2009B Bonds over the next 6 years.

In November of 2006, Murray City refunded a portion of the Series 2001 and 2004 Electric Revenue Bonds with the Series 2006 Electric Revenue Bonds with a net present value savings of almost \$612,000. In March of 2007 the City refunded and defeased the Municipal Building Authority Bonds Series 1997 and 2001 with the Sales Tax Revenue Bonds Series 2007 with a net present value savings of \$312,000. During March 2009 Murray City refunded the Sales Tax Series 2002 Bonds with the Series 2009B Sales Tax Bonds for a net present value savings of \$57,844.

State statutes limit the amount of debt a governmental entity may issue to 8 percent of its reasonable fair cash value of property. The current debt limitation for Murray City is \$431,040,000, which is significantly in excess of Murray City's outstanding debt.

Additional information on Murray City's long-term debt can be found in Note 4, page 56.

### **Economic Factors and Next Year's Budgets and Rates**

Murray City has not been immune to the economic factors that have affected the State as well as the Nation. Unemployment rates have risen and interest rates and investments have decreased.

The unemployment rate for Murray City is currently 6.9 percent, which is an increase from a rate of 5.7 percent a year ago. This compares to the state's average unemployment rate of 7.2 percent and the national average of 9.5 percent. The State Pool Interest Rate (which has been where the majority of the City's cash has been invested) is currently at .6% compared to 1.0% one year ago. The City has used Zion's Bank's Ultimate Savings Account for some short term investing which has paid the City between .7% and 1%. Inflationary trends in the region compare favorably to national indices.

Since retail sales have decreased nationally as well as locally, the City has experienced a decrease in a major revenue source. These factors were considered in preparing Murray City's budget for the 2011 fiscal year. Utah State legislation which took effect July 1, 2006 qualified Murray City to a hold harmless amount for sales tax revenue received each year until 2013. Under this law Murray City can expect to receive at least a base amount of approximately \$12,200,000. The City utilized this law for FY10 and budgeted the same base amount for FY11. Projected interest income was reduced again for FY11. No increased property taxes were requested. No City personnel were given salary or merit increases but no furloughs or layoffs were made. The diverse sales tax base within the City has helped soften the economic impact within the City. Murray City policymakers remain sensitive to the current economic factors as they provide City services.

## **Requests for Information**

This financial report is designed to provide a general overview of Murray City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Finance Director, 5025 South State Street, Murray City, Utah, 84107.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Net Assets**  
**June 30, 2010**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 13,090,807	\$ 7,118,945	\$ 20,209,752
Investments	1,014,860	-	1,014,860
Receivables, net of allowance for uncollectibles	7,842,532	5,577,649	13,420,181
Inventories	38,336	2,030,613	2,068,949
Internal balances	139,430	(139,430)	
Due from other governments	2,470,346	111,150	2,581,496
Notes receivable	1,651,178	-	1,651,178
Restricted cash	2,937,276	2,220,470	5,157,746
Land held for resale	20,000	-	20,000
Land	13,109,605	3,992,718	17,102,323
Buildings	31,596,559	6,002,102	37,598,661
Improvements other than buildings	16,196,137	143,916,253	160,112,390
Machinery and equipment	11,867,028	19,359,123	31,226,151
Furniture and fixtures	1,372,790	1,474,152	2,846,942
Infrastructure	59,704,333	-	59,704,333
Construction in progress	836,811	309,702	1,146,513
Accumulated depreciation	(63,797,365)	(94,590,672)	(158,388,037)
Investments in joint ventures	1,624,971	2,936,917	4,561,888
Unamortized bond issue costs	803,873	817,530	1,621,403
Prepaid generation and transmission fees	-	2,465,798	2,465,798
<b>Total assets</b>	<b>102,519,507</b>	<b>103,603,020</b>	<b>206,122,527</b>
<b>LIABILITIES</b>			
Accounts payable	2,131,369	3,870,770	6,002,139
Accrued interest payable	100,929	161,305	262,234
Accrued liabilities	968,999	333,938	1,302,937
Customer deposits	-	1,223,170	1,223,170
Unearned revenue	7,463,523	-	7,463,523
Noncurrent liabilities:			
Due within one year	3,023,154	2,323,347	5,346,501
Due in more than one year	16,750,366	28,104,419	44,854,785
<b>Total liabilities</b>	<b>30,438,340</b>	<b>36,016,949</b>	<b>66,455,289</b>
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	58,426,743	51,828,454	110,255,197
Restricted for:			
Perpetual care - nonexpendable	520,000	-	520,000
Construction and debt service	2,911,958	1,000,000	3,911,958
Unrestricted	10,222,466	14,757,617	24,980,083
<b>Total net assets</b>	<b>\$ 72,081,167</b>	<b>\$ 67,586,071</b>	<b>\$ 139,667,238</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Activities**  
**For the Year Ended June 30, 2010**

	Program Revenues			Net (Expense) Revenues and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental activities</b>							
General government	\$ 9,821,135	\$ 5,926,072	\$ -	\$ -	\$ (3,895,063)		\$ (3,895,063)
Public safety	18,458,814	643,947	158,286	224,484	(17,432,097)		(17,432,097)
Highways and public improvements	7,357,748	84,572	-	1,954,567	(5,318,609)		(5,318,609)
Parks, recreation and public property	6,118,449	1,702,264	96,802	-	(4,319,383)		(4,319,383)
Library	1,598,547	47,954	41,271	-	(1,509,322)		(1,509,322)
Community and economic development	676,102	-	109,454	-	(566,648)		(566,648)
Interest on long-term debt	621,438	-	-	-	(621,438)		(621,438)
<b>Total governmental activities</b>	<b>44,652,233</b>	<b>8,404,809</b>	<b>405,813</b>	<b>2,179,051</b>	<b>(33,662,560)</b>		<b>(33,662,560)</b>
<b>Business-type activities</b>							
Power	32,420,217	33,186,689	-	-		\$ 766,472	766,472
Water	5,997,953	4,781,417	-	-		(1,216,536)	(1,216,536)
Waste water	3,273,977	3,396,807	-	-		122,830	122,830
Golf course	1,485,078	1,421,000	-	-		(64,078)	(64,078)
Storm water	1,420,345	1,400,252	-	-		(20,093)	(20,093)
Solid waste	806,137	818,367	-	-		12,230	12,230
<b>Total business-type activities</b>	<b>45,403,707</b>	<b>45,004,532</b>	<b>-</b>	<b>-</b>		<b>(399,175)</b>	<b>(399,175)</b>
<b>General Revenues:</b>							
Taxes							
Property taxes					9,700,152	-	9,700,152
Franchise taxes					4,931,012	-	4,931,012
General sales taxes and highway sales taxes					12,293,016	-	12,293,016
Interest income					396,011	214,774	610,785
Gain (loss) on sale and disposal of assets					(84,557)	38,646	(45,911)
Miscellaneous					734,369	-	734,369
Transfers - net					3,005,125	(3,005,125)	-
<b>Total general revenue and transfers</b>					<b>30,975,128</b>	<b>(2,751,705)</b>	<b>28,223,423</b>
<b>Change in net assets</b>					<b>(2,687,432)</b>	<b>(3,150,880)</b>	<b>(5,838,312)</b>
<b>Net assets - beginning</b>					<b>74,768,599</b>	<b>70,736,951</b>	<b>145,505,550</b>
<b>Net assets - ending</b>					<b>\$ 72,081,167</b>	<b>\$ 67,586,071</b>	<b>\$ 139,667,238</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Balance Sheet – Governmental Funds**  
**June 30, 2010**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b><u>ASSETS</u></b>				
Cash and cash equivalents	\$ 7,885,106	\$ 1,190,898	\$ 2,701,045	\$ 11,777,049
Investments	1,014,860	-	-	1,014,860
Receivables:				
Property taxes	5,990,617	-	1,455,759	7,446,376
Special assessments	240	-	-	240
Other	1,168,486	-	-	1,168,486
Notes receivable	1,651,178	-	-	1,651,178
Due from other funds	800,383	-	-	800,383
Due from other governments	2,459,842	-	10,504	2,470,346
Land held for resale	-	-	20,000	20,000
Restricted cash	449,117	2,462,841	25,318	2,937,276
<b>Total assets</b>	<b>\$ 21,419,829</b>	<b>\$ 3,653,739</b>	<b>\$ 4,212,626</b>	<b>\$ 29,286,194</b>
<b><u>LIABILITIES</u></b>				
Accounts payable	\$ 2,059,609	\$ 289	\$ 30,849	\$ 2,090,747
Accrued liabilities	706,604	-	10,885	717,489
Due to other funds	-	-	660,953	660,953
Deferred revenue	9,641,798	-	1,434,509	11,076,307
<b>Total liabilities</b>	<b>12,408,011</b>	<b>289</b>	<b>2,137,196</b>	<b>14,545,496</b>
<b><u>FUND BALANCE</u></b>				
Reserved for:				
Land held for resale	-	-	20,000	20,000
Capital projects	-	2,462,841	-	2,462,841
UTOPIA	1,489,725	-	-	1,489,725
Cemetery perpetual care	-	-	520,000	520,000
Library endowment	-	-	25,318	25,318
Unreserved, reported in:				
General fund	7,522,093	-	-	7,522,093
Special revenue funds	-	-	704,608	704,608
Capital projects funds	-	1,190,609	-	1,190,609
Permanent fund	-	-	805,504	805,504
<b>Total fund balances</b>	<b>9,011,818</b>	<b>3,653,450</b>	<b>2,075,430</b>	<b>14,740,698</b>
<b>Total liabilities and fund balances</b>	<b>\$ 21,419,829</b>	<b>\$ 3,653,739</b>	<b>\$ 4,212,626</b>	<b>\$ 29,286,194</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Reconciliation of the Balance Sheet of Governmental Funds To the Statement of Net Assets**  
**For the Year Ended June 30, 2010**

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

Total Fund Balances - Total Governmental Funds (page 25)	\$ 14,740,698
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	72,510,869
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.	3,596,042
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 Assets.	1,043,129
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(19,809,571)</u>
Net Assets - Governmental Activities (page 23)	<u>\$ 72,081,167</u>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>Governmental Fund Types</u>			<u>Total Governmental Funds</u>
	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	
<b><u>REVENUES</u></b>				
Taxes and special assessments	\$ 23,879,149	\$ -	\$ 3,343,000	\$ 27,222,149
Licenses and permits	1,180,204	-	-	1,180,204
Intergovernmental	2,434,139	-	150,725	2,584,864
Charges for services	5,375,256	-	58,995	5,434,251
Fines and forfeitures	1,742,400	-	47,954	1,790,354
Miscellaneous	515,448	210,379	8,542	734,369
Interest income	340,561	29,979	20,047	390,587
<b>Total revenues</b>	<b>35,467,157</b>	<b>240,358</b>	<b>3,629,263</b>	<b>39,336,778</b>
<b><u>EXPENDITURES</u></b>				
General government	7,986,814	1,955,359	-	9,942,173
Public safety	17,404,283	261,873	-	17,666,156
Highways and public improvements	5,924,253	-	-	5,924,253
Parks, recreation, and public property	5,273,121	-	-	5,273,121
Library	-	-	1,467,049	1,467,049
Community and economic development	-	-	102,400	102,400
Redevelopment	-	-	1,153,989	1,153,989
Municipal building authority	-	-	1,000	1,000
Debt service:				
Principal	2,065,827	-	-	2,065,827
Interest and administrative charges	637,503	-	21,541	659,044
<b>Total expenditures</b>	<b>39,291,801</b>	<b>2,217,232</b>	<b>2,745,979</b>	<b>44,255,012</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(3,824,644)</b>	<b>(1,976,874)</b>	<b>883,284</b>	<b>(4,918,234)</b>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Capital leases	207,451	-	-	207,451
Pledge payment - interlocal guarantee	(820,615)	-	-	(820,615)
Transfers in	3,943,977	237,000	-	4,180,977
Transfers out	(237,000)	-	(938,852)	(1,175,852)
Sale of capital assets	223,803	-	-	223,803
<b>Total other financing sources (uses)</b>	<b>3,317,616</b>	<b>237,000</b>	<b>(938,852)</b>	<b>2,615,764</b>
<b>Net change in fund balance</b>	<b>(507,028)</b>	<b>(1,739,874)</b>	<b>(55,568)</b>	<b>(2,302,470)</b>
<b>Fund balance at beginning of year</b>	<b>9,518,846</b>	<b>5,393,324</b>	<b>2,130,998</b>	<b>17,043,168</b>
<b>Fund balance at end of year</b>	<b>\$ 9,011,818</b>	<b>\$ 3,653,450</b>	<b>\$ 2,075,430</b>	<b>\$ 14,740,698</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of**  
**Governmental Funds To the Statement of Activities**  
**For the Year Ended June 30, 2010**

Amounts reported for governmental activities in the statement of activities (page 24) are different because:

Net change in fund balances - total governmental funds (page 27)	\$ (2,302,470)
--	----------------

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 depreciation exceeded capital outlays and capital contributions in the current period.	(747,450)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(462,772)
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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 assets. Also, governmental funds report the effect of issuance costs, 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.	1,876,199
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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. Similarly, some expenditures reported in the governmental funds are not reported as expenses in the statement of activities.	(1,485,526)
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The net revenue of certain activities of the Internal Service Funds are reported with governmental activities	434,587
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Change in net assets of governmental activities (page 24)	<u>\$ (2,687,432)</u>
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The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – General Fund**  
**For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes:				
General property taxes	\$ 6,498,420	\$ 6,498,420	\$ 6,357,152	\$ (141,268)
General sales and use taxes	12,700,000	12,700,000	12,590,985	(109,015)
Franchise taxes	4,818,448	4,818,448	4,931,012	112,564
Total taxes	<u>24,016,868</u>	<u>24,016,868</u>	<u>23,879,149</u>	<u>(137,719)</u>
Licenses and permits				
Business licenses	598,500	598,500	627,732	29,232
Permits	580,250	580,250	552,472	(27,778)
Total licenses and permits	<u>1,178,750</u>	<u>1,178,750</u>	<u>1,180,204</u>	<u>1,454</u>
Intergovernmental				
Class C road allotment	1,450,000	1,450,000	1,954,567	504,567
State liquor allotment	65,000	65,000	74,604	9,604
F.E.M.A. and EMS grants	107,500	107,500	-	(107,500)
Local law enforcement grant	305,556	305,556	269,254	(36,302)
Victim advocate & violence against women grants	37,203	37,203	38,912	1,709
Salt Lake County grant	61,500	61,500	46,802	(14,698)
ZAP tax grant	50,000	50,000	50,000	-
Total intergovernmental	<u>2,076,759</u>	<u>2,076,759</u>	<u>2,434,139</u>	<u>357,380</u>
Charges for services				
Administration charges	3,016,784	3,016,784	3,003,468	(13,316)
Parks and recreation	1,111,100	1,111,100	1,219,087	107,987
Special public safety services	109,500	109,500	147,111	37,611
Ambulatory services	912,000	912,000	496,836	(415,164)
Heritage center	170,000	170,000	174,620	4,620
Cemetery lots and services	216,500	216,500	249,562	33,062
Other services	75,000	75,000	84,572	9,572
Total charges for services	<u>5,610,884</u>	<u>5,610,884</u>	<u>5,375,256</u>	<u>(235,628)</u>
Miscellaneous				
Fines and forfeitures	1,782,000	1,782,000	1,742,400	(39,600)
Interest income	423,364	423,364	340,561	(82,803)
Miscellaneous	2,150,630	2,277,630	515,448	(1,762,182)
Total miscellaneous	<u>4,355,994</u>	<u>4,482,994</u>	<u>2,598,409</u>	<u>(1,884,585)</u>
Total revenues	<u>37,239,255</u>	<u>37,366,255</u>	<u>35,467,157</u>	<u>(1,899,098)</u>

(Continued)

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance –**  
**Budget to Actual – General Fund (Continued)**  
**For the Year Ended June 30, 2010**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<b><u>EXPENDITURES</u></b>				
General government:				
Legislative	\$ 300,681	\$ 340,681	\$ 332,588	\$ 8,093
Justice court	1,573,165	1,573,165	1,565,989	7,176
Mayor	441,015	441,015	440,847	168
Finance	1,263,668	1,263,668	1,122,248	141,420
Treasurer	258,387	258,387	258,382	5
Recorder and business licensing	515,417	531,767	517,502	14,265
Legal	573,673	573,673	569,164	4,509
Nondepartmental	894,500	894,500	727,853	166,647
Government buildings	321,264	304,914	286,568	18,346
Personnel	390,720	390,720	373,988	16,732
Data processing	1,336,436	1,336,436	1,200,868	135,568
Community and economic development	604,112	604,112	590,817	13,295
Total general government	<u>8,473,038</u>	<u>8,513,038</u>	<u>7,986,814</u>	<u>526,224</u>
Public safety:				
Police department	10,565,571	10,565,571	10,234,908	330,663
Fire department	6,797,557	6,797,557	6,387,375	410,182
Building inspection	801,952	801,952	782,000	19,952
Total public safety	<u>18,165,080</u>	<u>18,165,080</u>	<u>17,404,283</u>	<u>760,797</u>
Highways and public improvements				
Engineering	892,263	892,263	892,263	-
Streets and highways	5,563,332	5,807,783	4,935,467	872,316
Shops and garages	96,800	96,800	96,523	277
Total highways and public improvements	<u>6,552,395</u>	<u>6,796,846</u>	<u>5,924,253</u>	<u>872,593</u>
Parks, recreation, and public property				
Parks and recreation	5,089,287	5,139,287	4,909,594	229,693
Cemetery	367,064	367,064	363,527	3,537
Total parks, recreation, and public property	<u>5,456,351</u>	<u>5,506,351</u>	<u>5,273,121</u>	<u>233,230</u>
Debt service:				
Principal	1,676,035	2,065,860	2,065,827	33
Interest	1,027,363	637,538	637,503	35
Total debt service	<u>2,703,398</u>	<u>2,703,398</u>	<u>2,703,330</u>	<u>68</u>
Total expenditures	<u>41,350,262</u>	<u>41,684,713</u>	<u>39,291,801</u>	<u>2,392,912</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Capital leases	-	207,451	207,451	-
Sale of capital assets	320,000	320,000	223,803	(96,197)
Pledge payment - UTOPIA debt service reserve	(250,000)	(250,000)	(820,615)	(570,615)
Transfers in	4,278,008	4,278,008	3,943,977	(334,031)
Transfers out	(237,000)	(237,000)	(237,000)	-
Net other financing sources (uses)	<u>4,111,008</u>	<u>4,318,459</u>	<u>3,317,616</u>	<u>(1,000,843)</u>
Net change in fund balance	1	1	(507,028)	(507,029)
Fund balance at beginning of year	9,518,846	9,518,846	9,518,846	-
Fund balance at end of year	<u>\$ 9,518,847</u>	<u>\$ 9,518,847</u>	<u>\$ 9,011,818</u>	<u>\$ (507,029)</u>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Net Assets – Proprietary Funds**  
**June 30, 2010**

**Business-type Activities - Enterprise Funds**

	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	Governmental Activities - Internal Service Funds
<b>ASSETS</b>							
Current assets:							
Cash and cash equivalents	\$ 5,067,475	\$ 278,166	\$ -	\$ 929,794	\$ 843,510	\$ 7,118,945	\$ 1,313,758
Receivables:							
Accounts	719,589	389,776	4,269,834	139,204	43,526	5,561,929	\$ 48,045
Other	-	-	15,720	-	-	15,720	-
Due from other funds	271,056	480	-	-	-	271,536	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventories	-	-	1,897,903	-	132,710	2,030,613	38,336
<b>Total current assets</b>	<b>6,058,120</b>	<b>779,572</b>	<b>6,183,457</b>	<b>1,068,998</b>	<b>1,019,746</b>	<b>15,109,893</b>	<b>1,400,139</b>
Noncurrent assets:							
Restricted cash	-	-	2,220,470	-	-	2,220,470	-
Capital assets:							
Land	1,719,666	310,255	1,636,461	-	326,336	3,992,718	-
Buildings	904,024	949,132	3,351,412	-	797,534	6,002,102	-
Improvements other than buildings	21,827,025	10,265,141	77,244,158	30,684,923	3,895,006	143,916,253	-
Machinery and equipment	2,426,193	1,315,109	13,774,871	1,010,155	832,795	19,359,123	144,660
Furniture and fixtures	175,322	43,369	1,249,027	-	6,434	1,474,152	-
Construction in progress	223,870	-	63,745	22,087	-	309,702	-
Accumulated depreciation	(12,500,271)	(5,416,348)	(52,517,410)	(19,665,666)	(4,490,977)	(94,590,672)	(92,389)
Net capital assets	14,775,829	7,466,658	44,802,264	12,051,499	1,367,128	80,463,378	52,271
Other assets:							
Unamortized bond issuance costs	15,785	9,435	792,310	-	-	817,530	-
Prepaid generation and transmission fees	-	-	2,465,798	-	-	2,465,798	-
Investment in joint venture	-	2,936,917	-	-	-	2,936,917	-
<b>Total other assets</b>	<b>15,785</b>	<b>2,946,352</b>	<b>3,258,108</b>	<b>-</b>	<b>-</b>	<b>6,220,245</b>	<b>-</b>
<b>Total noncurrent assets</b>	<b>14,791,614</b>	<b>10,413,010</b>	<b>50,280,842</b>	<b>12,051,499</b>	<b>1,367,128</b>	<b>88,904,093</b>	<b>52,271</b>
<b>Total assets</b>	<b>\$ 20,849,734</b>	<b>\$ 11,192,582</b>	<b>\$ 56,464,299</b>	<b>\$ 13,120,497</b>	<b>\$ 2,386,874</b>	<b>\$ 104,013,986</b>	<b>\$ 1,452,410</b>

(Continued)

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Net Assets – Proprietary Funds (Continued)**  
**June 30, 2010**

	Business-type Activities - Enterprise Funds						Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds	Total	
<b>LIABILITIES</b>							
Current liabilities:							
Accounts payable	\$ 70,499	\$ 73,464	\$ 3,616,387	\$ 25,262	\$ 85,158	\$ 3,870,770	\$ 40,622
Accrued liabilities	18,808	8,387	273,367	6,535	26,841	333,938	251,510
Due to other funds	480	-	410,486	-	-	410,966	-
Accrued interest payable	47,675	28,497	78,890	5,034	1,209	161,305	-
Compensated absences	87,346	33,504	281,298	18,207	34,886	455,241	15,183
Bonds and leases payable	219,059	130,941	1,360,000	118,156	39,950	1,868,106	-
<b>Total current liabilities</b>	<b>443,867</b>	<b>274,793</b>	<b>6,020,428</b>	<b>173,194</b>	<b>188,044</b>	<b>7,100,326</b>	<b>307,315</b>
Noncurrent liabilities:							
Deposits	2,700	-	1,220,470	-	-	1,223,170	-
Compensated absences	138,289	45,270	354,021	23,851	57,217	618,648	19,052
Net OPEB payable	122,571	64,828	408,984	54,199	68,371	718,953	30,643
Bonds and leases payable	3,896,118	2,328,882	20,321,505	179,059	41,254	26,766,818	-
<b>Total noncurrent liabilities</b>	<b>4,159,678</b>	<b>2,438,980</b>	<b>22,304,980</b>	<b>257,109</b>	<b>166,842</b>	<b>29,327,589</b>	<b>49,695</b>
<b>Total liabilities</b>	<b>4,603,545</b>	<b>2,713,773</b>	<b>28,325,408</b>	<b>430,303</b>	<b>354,886</b>	<b>36,427,915</b>	<b>357,010</b>
<b>NET ASSETS</b>							
Invested in capital assets, net of related debt	10,660,652	5,006,835	23,120,759	11,754,284	1,285,924	51,828,454	52,271
Restricted for debt service	-	-	1,000,000	-	-	1,000,000	-
Unrestricted	5,585,537	3,471,974	4,018,132	935,910	746,064	14,757,617	1,043,129
<b>Total net assets</b>	<b>16,246,189</b>	<b>8,478,809</b>	<b>28,138,891</b>	<b>12,690,194</b>	<b>2,031,988</b>	<b>67,586,071</b>	<b>1,095,400</b>
<b>Total liabilities and net assets</b>	<b>\$ 20,849,734</b>	<b>\$ 11,192,582</b>	<b>\$ 56,464,299</b>	<b>\$ 13,120,497</b>	<b>\$ 2,386,874</b>	<b>\$ 104,013,986</b>	<b>\$ 1,452,410</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds**  
**For the Year Ended June 30, 2010**

**Business-type Activities - Enterprise Funds**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Total</b>	<b>Governmental</b>
	<b>Water Fund</b>	<b>Waste Water Fund</b>	<b>Power Fund</b>	<b>Storm Water Fund</b>	<b>Non-Major Enterprise Funds</b>		<b>Internal Service Funds</b>
<b><u>OPERATING REVENUES</u></b>							
Sales and charges for services	\$ 4,664,522	\$ 3,363,090	\$ 31,767,339	\$ 1,389,960	\$ 1,405,521	\$ 42,590,432	\$ 1,029,551
Connection and servicing fees	14,231	815	261,644	-	-	276,690	-
Green fees	-	-	-	-	833,846	833,846	-
Other	53,565	28	530,383	7,615	-	591,591	-
<b>Total operating revenues</b>	<b>4,732,318</b>	<b>3,363,933</b>	<b>32,559,366</b>	<b>1,397,575</b>	<b>2,239,367</b>	<b>44,292,559</b>	<b>1,029,551</b>
<b><u>OPERATING EXPENSES</u></b>							
Production or purchase of power	-	-	19,877,250	-	-	19,877,250	-
Administration and general	1,143,593	488,571	3,976,481	90,647	132,953	5,832,245	-
Depreciation and amortization	782,851	414,129	2,910,337	843,882	222,151	5,173,350	4,622
Operations and maintenance	3,879,214	1,914,658	4,700,842	471,771	1,932,804	12,899,289	614,808
<b>Total operating expenses</b>	<b>5,805,658</b>	<b>2,817,358</b>	<b>31,464,910</b>	<b>1,406,300</b>	<b>2,287,908</b>	<b>43,782,134</b>	<b>619,430</b>
<b>Operating income (loss)</b>	<b>(1,073,340)</b>	<b>546,575</b>	<b>1,094,456</b>	<b>(8,725)</b>	<b>(48,541)</b>	<b>510,425</b>	<b>410,121</b>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>							
Interest income	44,687	2,606	158,312	3,746	5,423	214,774	5,424
Interest expense	(192,295)	(121,322)	(955,307)	(14,045)	(3,307)	(1,286,276)	-
Impact fees	49,099	32,874	627,323	2,677	-	711,973	-
Loss in joint venture	-	(335,297)	-	-	-	(335,297)	-
Gain/(loss) on disposal of assets	9,765	247	27,209	425	1,000	38,646	977
Other revenues (expenses)	-	-	-	-	-	-	18,065
<b>Total nonoperating revenues (expenses)</b>	<b>(88,744)</b>	<b>(420,892)</b>	<b>(142,463)</b>	<b>(7,197)</b>	<b>3,116</b>	<b>(656,180)</b>	<b>24,466</b>
<b>Income (loss) before transfers</b>	<b>(1,162,084)</b>	<b>125,683</b>	<b>951,993</b>	<b>(15,922)</b>	<b>(45,425)</b>	<b>(145,755)</b>	<b>434,587</b>
Transfers Out	(576,175)	(363,414)	(1,918,200)	(125,340)	(21,996)	(3,005,125)	-
<b>Change in net assets</b>	<b>(1,738,259)</b>	<b>(237,731)</b>	<b>(966,207)</b>	<b>(141,262)</b>	<b>(67,421)</b>	<b>(3,150,880)</b>	<b>434,587</b>
<b>Total net assets, beginning</b>	<b>17,984,448</b>	<b>8,716,540</b>	<b>29,105,098</b>	<b>12,831,456</b>	<b>2,099,409</b>	<b>70,736,951</b>	<b>660,813</b>
<b>Total net assets - ending</b>	<b>\$ 16,246,189</b>	<b>\$ 8,478,809</b>	<b>\$ 28,138,891</b>	<b>\$ 12,690,194</b>	<b>\$ 2,031,988</b>	<b>\$ 67,586,071</b>	<b>\$ 1,095,400</b>

The accompanying notes are an integral part of this financial statement.

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Cash Flows – Proprietary Funds**  
**For the Year Ended June 30, 2010**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds		
<b>Cash flows from operating activities</b>							
Receipts from customers and users	\$ 4,928,252	\$ 3,419,309	\$ 33,202,822	\$ 1,421,141	\$ 2,237,891	\$ 45,209,415	\$ 981,506
Payments to suppliers	(4,077,756)	(2,015,402)	(24,771,009)	(372,182)	(1,495,177)	(32,731,526)	(268,634)
Payments to employees	(954,347)	(406,644)	(3,876,558)	(282,924)	(582,147)	(6,102,620)	(257,340)
Investments in joint venture	-	(132,656)	-	-	-	(132,656)	-
<b>Net cash provided (used) by operating activities</b>	<b>(103,851)</b>	<b>864,607</b>	<b>4,555,255</b>	<b>766,035</b>	<b>160,567</b>	<b>6,242,613</b>	<b>455,532</b>
<b>Cash flows from noncapital financing activities</b>							
Transfers to other funds	(576,175)	(363,414)	(1,918,200)	(125,340)	(21,996)	(3,005,125)	-
Proceeds from insurance claim	-	-	-	-	-	-	18,065
Advances from (to) other funds	870,571	-	(731,141)	-	-	139,430	-
<b>Net cash provided (used) by noncapital financing activities</b>	<b>294,396</b>	<b>(363,414)</b>	<b>(2,649,341)</b>	<b>(125,340)</b>	<b>(21,996)</b>	<b>(2,865,695)</b>	<b>18,065</b>
<b>Cash flows from capital and related financing activities</b>							
Acquisition of property, plant, and equipment	(809,003)	(293,724)	(417,456)	(420,514)	(85,665)	(2,026,362)	(6,484)
Proceeds from sale of assets	27,411	247	28,985	425	-	57,068	977
Impact fees	49,099	32,874	627,323	2,677	-	711,973	-
Principal paid on capital debt	(212,799)	(127,201)	(1,353,237)	(113,902)	(38,688)	(1,845,827)	-
Interest paid on capital debt	(193,891)	(122,276)	(965,480)	(15,898)	(3,892)	(1,301,437)	-
<b>Net cash used by capital and related financing activities</b>	<b>(1,139,183)</b>	<b>(510,080)</b>	<b>(2,079,865)</b>	<b>(547,212)</b>	<b>(128,245)</b>	<b>(4,404,585)</b>	<b>(5,507)</b>
<b>Cash flows from investing activities</b>							
Interest and dividends received	44,687	2,606	158,312	3,746	5,423	214,774	5,424
<b>Net cash provided by investing activities</b>	<b>44,687</b>	<b>2,606</b>	<b>158,312</b>	<b>3,746</b>	<b>5,423</b>	<b>214,774</b>	<b>5,424</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(903,951)</b>	<b>(6,281)</b>	<b>(15,639)</b>	<b>97,229</b>	<b>15,749</b>	<b>(812,893)</b>	<b>473,514</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,971,426</b>	<b>284,447</b>	<b>2,236,109</b>	<b>832,565</b>	<b>826,761</b>	<b>10,151,308</b>	<b>840,244</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,067,475</b>	<b>\$ 278,166</b>	<b>\$ 2,220,470</b>	<b>\$ 929,794</b>	<b>\$ 842,510</b>	<b>\$ 9,338,415</b>	<b>\$ 1,313,758</b>
Unrestricted cash	\$ 5,067,475	\$ 278,166	\$ -	\$ 929,794	\$ 843,510	\$ 7,118,945	\$ 1,313,758
Restricted cash	-	-	2,220,470	-	-	2,220,470	-
<b>Total Cash</b>	<b>\$ 5,067,475</b>	<b>\$ 278,166</b>	<b>\$ 2,220,470</b>	<b>\$ 929,794</b>	<b>\$ 843,510</b>	<b>\$ 9,339,415</b>	<b>\$ 1,313,758</b>

(Continued)

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Cash Flows – Proprietary Funds (Continued)**  
**For the Year Ended June 30, 2010**

	Business-type Activities - Enterprise Funds					Total	Governmental Activities - Internal Service Funds
	Water Fund	Waste Water Fund	Power Fund	Storm Water Fund	Non-Major Enterprise Funds		
<b>Reconciliation of operating income to net cash provided by operating activities</b>							
Operating income (loss)	\$ (1,073,340)	\$ 546,575	\$ 1,094,456	\$ (8,725)	\$ (48,541)	\$ 510,425	\$ 410,121
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	782,851	414,129	2,910,337	843,882	222,151	5,173,350	4,622
Investments in joint ventures	-	(132,656)	-	-	-	(132,656)	-
Changes in assets and liabilities:							
Accounts receivable	195,934	55,376	758,610	23,566	(1,476)	1,032,010	(48,045)
Other receivables	-	-	33,998	-	-	33,998	-
Inventories	-	-	57,535	-	(54,499)	3,036	20,203
Accounts payable	(70,585)	47,389	(537,306)	(106,656)	(685)	(667,843)	29,838
Accrued liabilities	7,706	(102,002)	9,597	2,784	3,911	(78,004)	49,423
Due to other funds	-	-	-	-	-	-	(25,000)
Compensated absences & OI	53,583	35,796	241,001	11,184	39,706	381,270	14,370
Customer deposits	-	-	(12,973)	-	-	(12,973)	-
<b>Net cash provided by operating activities</b>	<b>\$ (103,851)</b>	<b>\$ 864,607</b>	<b>\$ 4,555,255</b>	<b>\$ 766,035</b>	<b>\$ 160,567</b>	<b>\$ 6,242,613</b>	<b>\$ 455,532</b>

The accompanying notes are an integral part of this financial statement.

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**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

The basic financial statements of Murray City Corporation (the City) have been prepared in conformity with accounting principles (GAAP) generally accepted 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.

Financial reporting is based upon all GASB pronouncements, as well as the FASB Statements and Interpretations, APB Opinions and Accounting Research Bulletins that were issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements. FASB pronouncements issued after November 30, 1989 are not followed in the preparation of the accompanying financial statements.

The City of Murray was incorporated November 25, 1902. The City operates under a strong Mayor Council form of government. As required by GAAP, these financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The City is considered to be financially accountable for an organization if the City appoints a voting majority of that organization or there is a potential for that organization 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). The component units discussed below are included as part of the City's reporting entity as 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 a board of trustees composed of the City Mayor and 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 Corporation (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. The MBA is included in these financial statements as the Municipal Building Authority Special Revenue Fund. Separate financial statements are not issued for the MBA.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City 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 goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular 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, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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.

The use of financial resources to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than reported as an expenditure. Proceeds of long-term debt are recorded as a liability in the government-wide financial statements, rather than as an other financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

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 with 45 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 and claims and judgments, are recorded only when payment is due.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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 so 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 means when due, or past due, and received within the current period or collected soon enough thereafter (within 45 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 government's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.
- The Capital Projects Fund accounts for the activities of the City's various construction projects and capital improvements for governmental activities.

The City reports the following major proprietary funds:

- The Power Fund accounts for the activities of the City's electrical production and distribution operations.
- The Water Fund accounts for the activities of the City's water production, treatment and distribution operations.
- The Waste Water Fund accounts for the operation and maintenance of the City's sewer collection system and sewage treatment.
- The Storm Water Fund accounts for the activities of the City's storm water drainage system.

Additionally, the City reports the following fund types:

Internal Service funds to account for the self-insurance activities of the various funds throughout the City and to account for the costs of operating a maintenance facility for vehicles and equipment owned by the City.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the General Fund by various enterprise funds for the providing of administrative and billing services for such funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

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. The principal operating revenues of all enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds includes the cost of sales and services. Operating expenses for enterprise funds includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, and Net Assets or Equity

Cash, Deposits and Investments Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. City policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the Utah Public Treasurer's Investment Fund and other investments allowed by the State of Utah's Money Management Act. Investments are reported at fair value. The State Treasurer's Investment Fund operates in accordance with state laws and regulations. The reported value of the Fund is the same as the fair value of the Fund shares.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Receivables and Payables Activity 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". In the Power, Water, Wastewater, Storm Water, and Solid Waste Management funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2010 were estimated based on July billings and are included in the operating revenues and accounts receivable at year-end.

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 a first-in, first-out basis (FIFO). 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.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Capital Assets Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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.

Property, plant, and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 40 years
Infrastructure	20 to 50 years
Improvements other than buildings	4 to 10 years
Machinery and equipment	5 to 30 years
Furniture and fixtures	5 to 10 years
Water and sewer lines	33 years

Compensated Absences For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net assets and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation leave 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 to expenditures when incurred. Employees may accumulate sick leave without limitation. Accumulated sick leave is paid to employees upon retirement, with a limitation of 25 percent of accumulated hours. Employees that are terminated for reasons other than retirement are not paid for accumulated sick leave. Historically, compensated absences are paid by the individual funds as they become due.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, and Net Assets or Equity (Continued)

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the 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 assets. Bond premiums, discounts, and issuance costs are deferred and 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, during the current period. 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, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Restricted Assets Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service as well as unexpended portions of bonds issued for capital construction purposes.

Reclassifications

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation and are considered by the City to be immaterial.

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Assets**

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net assets of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net assets versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

When capital assets (property, plant and equipment) that are to be used in governmental activities are purchased or constructed, the cost of these assets is reported as expenditures in governmental funds. However, the statement of net assets includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 134,683,263
Investment in joint venture	1,624,971
Accumulated depreciation	<u>(63,797,365)</u>
Total difference	<u>\$ 72,510,869</u>

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS  
(CONTINUED)

**Explanation of Certain Differences Between the Governmental Fund Balance Sheet  
and the Government-Wide Statement of Net Assets (Continued)**

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 financials. All liabilities (both current and long-term) are reported in the statement of net assets. Balances at June 30, 2010 were:

Sales tax revenue bonds	\$	13,305,000
Bond issuance premium		168,792
Capital leases		1,448,204
Interest payable on long-term debt		100,929
Net OPEB payable		2,240,607
Compensated absences		2,546,039
		2,546,039
Total difference	\$	19,809,571

**Explanation of Certain Differences Between Governmental Fund Operating  
Statements and the Statement of Net Activities**

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 assets of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Capital outlay	\$	5,133,888
Depreciation expense		(5,881,338)
		(747,450)
Net difference, as reported	\$	(747,450)

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information Prior to May 1, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the proposed sources of revenues.

Between May 1 and June 20, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20, a public hearing is held and the budget is legally adopted through passage of a resolution.

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.

When the Municipal Council determines that an emergency exists, such as widespread damage from fire, flood, or earthquake the Municipal Council may increase the budget of the General Fund by resolution or a public hearing.

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.

Annual budgets for the General Fund, all Special Revenue Funds (Municipal Building Authority Fund, Library Fund, Redevelopment Agency Fund, Community Development Block Grant Fund), and the Capital Projects Fund were legally adopted by the City and are prepared on the modified-accrual method of accounting.

Encumbrances (commitments related to unperformed purchase orders or contracts for goods or services) are used only as an internal management control device during the year. The City does not have any encumbrances outstanding at year end since appropriations lapse at year end. However, encumbered amounts are generally re-appropriated and honored as part of the following year's budget.

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 such budgets for governmental funds.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in two to three installments in November, December, and January of each fiscal year and a final settlement by March 31st. Taxes are levied and are due and payable on November 1st and delinquent after November 30th of each year at which time they become liens if not paid. An accrual of delinquent current and prior year's property taxes beyond that which was received within 45 days after fiscal year end has not been made, as the amounts are not deemed to be material. An accrual for current year property taxes estimated to be collected the following November and December is made each year.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ended June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business with the City including telephone, cable television, gas utility, and electric utility companies. The fees are remitted on a monthly, quarterly, semi-annual, or annual basis. An accrual has been made for fees due and payable to the City at June 30th.

4. DETAILED NOTES FOR ALL FUNDS

Deficit Fund Equity and Excess Expenditures Over Appropriations

The Library Fund has a deficit fund balance of \$115,761 at June 30, 2010. It is planned that this deficit will be eliminated by making appropriate revenue and expenditure adjustments over the next two years.

The General Fund has an excess expenditure over appropriated budget of \$570,615. This resulted from withdrawals made from the reserve fund the City had pledged towards bonds issued by the Utah Telecommunications Open Infrastructure Agency (UTOPIA). The City is a member of UTOPIA, which is an interlocal cooperative. See the Commitments note disclosure for further explanation. It didn't become apparent to the City, until after the fiscal year end, that an entry to recognize the expenditure was needed. It was too late for a budget amendment to be adopted since state statute requires amendments to be adopted before the fiscal year end.

Deposits and Investments

Utah State law establishes the rules and regulations for deposits and investments and is known as the Utah Money Management Act. The Act established the Money Management Council that promulgates additional rules and determines which financial institutions may qualify to hold deposits and investments for state and local entities. The City has complied with the Utah Money Management Act and rules of the Money Management Council with regard to deposits and investments.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

As of June 30, 2010, the City's demand deposits and cash on hand amounted to \$12,927,948.

As of June 30, 2010, the City has investments in the Utah Public Treasurer's Investment Fund of \$12,439,550. The fund is not rated and the weighted average maturity was less than 90 days.

As of June 30, 2010, the City has investments in a corporation's debt instruments totaling \$1,014,860. This corporate note meets the high standards of quality required by the Utah Money Management Act and matures within one year and is reported at its respective fair value.

Custodial Credit Risk - Deposits. This is the risk that in the event of a bank failure, the City's deposits may not be returned. As of June 30, 2010, \$13,025,202 of the City's \$13,275,202 bank balance was exposed to custodial credit risk because it was uninsured and uncollateralized. The Utah Money Management Act does not require deposits to be insured or collateralized and the City has no formal policy regarding deposit credit risk. The Act requires that the City keep deposits in a qualified depository, which the City has done.

Custodial Credit Risk - Investments. This is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City has no formal policy regarding custodial credit risk for investments. Money invested in the Utah Public Treasurer's Investment Fund is pooled with many other state and local entities, and is managed by the Utah State Treasurer. The Fund is not categorized as to custodial credit risk.

Interest rate credit risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City's policy for managing its exposure to fair value loss from changes in interest rates is to follow the Utah Money Management Act and only invest in instruments that mature in one year or less. Investments within the Public Treasurer's Investment Fund have a weighted average maturity of less than 90 days. The investments in corporate debt securities all mature within one year.

Credit risk is the risk that an issuer will not fulfill its obligations. The City policy is consistent with and complies with the Utah State Money Management Act. Investment is limited to U.S. Treasuries, U.S. Government Agency instruments, Utah Public Treasurer's Investment Fund, and other instruments that are rated A or higher by Standard & Poor's or Moody's. The City only invested in the Utah Public Treasurer's Investment Fund and qualified corporate debt securities during the year. The corporate investment held at year end was rated A by Standard and Poor's and A2 by Moody's.

Concentration of Credit Risk. City policy requires diversification and limits the amount that may be invested in the same company. First, the City may not invest more than 20% of its idle funds outside of the Utah Public Treasurer's Investment Fund. Second, not more than 10% of the total portfolio may be invested in a single company's credit instruments. The Utah Public Treasurer's Investment Fund is highly diversified and must comply with various rules of the Utah State Money Management Act and Money Management Council.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

The deposits and investments described above are included on the government-wide statement of net assets as follows:

Cash and cash equivalents	\$ 20,209,752
Restricted cash	5,157,746
Investments	1,014,860
	\$ 26,382,358

Deposits

Enterprise fund deposits are deposits the City requires from 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.

Receivables

Receivables as of year end for the City's individual major funds and nonmajor and internal service funds, in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Water	Waste Water	Power	Storm Water	Nonmajor Funds	Internal Service Funds	Total
Taxes	\$ 5,990,617	\$ -	\$ -	\$ -	\$ -	\$1,455,759	\$ -	\$ 7,446,376
Accounts and other	347,871	725,736	398,342	4,419,777	140,536	43,526	48,045	6,123,833
Special assessments	240	-	-	-	-	-	-	240
Loans	820,615	-	-	-	-	-	-	820,615
Intergovernmental	2,459,842	-	111,150	-	-	10,504	-	2,581,496
Gross receivables	9,619,185	725,736	509,492	4,419,777	140,536	1,509,789	48,045	16,972,560
Less: allowance for uncollectibles	-	(6,147)	(8,566)	(134,223)	(1,332)	-	-	(150,268)
Net total receivables	\$ 9,619,185	\$ 719,589	\$ 500,926	\$4,285,554	\$ 139,204	\$1,509,789	\$ 48,045	\$16,822,292

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Receivables (Continued)

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the government funds were as follows:

	Unavailable	Unearned
Notes receivable (General Fund)	\$ 1,651,178	\$ -
Sales taxes receivable (General Fund)	1,033,110	-
Franchise taxes receivable (General Fund)	107,881	-
Property tax receivable (General Fund)	5,903,086	-
Property tax receivable (Library Fund)	1,434,509	-
Loan to UTOPIA for bond payments (General Fund)	820,615	-
Various prepayments received (General Fund)	-	125,928
Total deferred/unearned revenue for governmental funds	\$10,950,379	\$ 125,928

Notes Receivable

General Fund notes receivable includes a \$1,651,178 third party promissory note for the sale of property known as the Sports Mall. The note has an interest rate of nine percent with monthly principal and interest payments of \$26,796. Under the note, the City will receive monthly installment payments through May 15, 2017 at which time all unpaid principal and interest become due.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2010 was as follows:

	07/01/09	Transfers	Increases	Decreases	06/30/10
<u>Governmental activities</u>					
Capital assets, not depreciated:					
Land	\$ 10,890,282	\$ -	\$ 2,219,323	\$ -	\$ 13,109,605
Construction in progress	703,966	-	300,500	(167,655)	836,811
Total capital assets, not depreciated	11,594,248	-	2,519,823	(167,655)	13,946,416
Capital assets, depreciated:					
Buildings	31,283,209	-	313,350	-	31,596,559
Improvements other than buildings	16,220,081	-	-	(23,944)	16,196,137
Infrastructure	58,172,781	-	1,531,552	-	59,704,333
Machinery and equipment	12,009,110	(36,894)	943,302	(1,048,490)	11,867,028
Furniture and fixtures	2,000,073	-	-	(627,283)	1,372,790
Total capital assets, depreciated	119,685,254	(36,894)	2,788,204	(1,699,717)	120,736,847
Accumulated depreciation:					
Buildings	(8,721,126)	-	(825,341)	-	(9,546,467)
Improvements other than buildings	(10,009,719)	-	(803,672)	6,130	(10,807,261)
Infrastructure	(32,183,517)	-	(2,944,791)	-	(35,128,308)
Machinery and equipment	(7,031,279)	36,894	(1,090,265)	946,053	(7,138,597)
Furniture and fixtures	(1,557,841)	-	(221,891)	603,000	(1,176,732)
Total accumulated depreciation	(59,503,482)	36,894	(5,885,960)	1,555,183	(63,797,365)
Total capital assets, depreciated (net)	60,181,772	-	(3,097,756)	(144,534)	56,939,482
Net governmental capital assets	\$ 71,776,020	\$ -	\$ (577,933)	\$ (312,189)	\$ 70,885,898

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	07/01/09	Transfers	Increases	Decreases	06/30/10
<u>Business-type activities</u>					
Capital assets, not depreciated:					
Land	\$ 3,992,718	\$ -	\$ -	\$ -	\$ 3,992,718
Construction in progress	468,706	-	309,702	(468,706)	309,702
Total capital assets, not depreciated	4,461,424	-	309,702	(468,706)	4,302,420
Capital assets, depreciated:					
Buildings	6,002,102	-	-	-	6,002,102
Improvements other than buildings	142,695,505	-	1,220,748	-	143,916,253
Machinery and equipment	20,850,095	36,894	962,899	(2,490,765)	19,359,123
Furniture and fixtures	1,602,737	-	-	(128,585)	1,474,152
Total capital assets, depreciated	171,150,439	36,894	2,183,647	(2,619,350)	170,751,630
Accumulated depreciation:					
Buildings	(4,149,004)	-	(104,462)	-	(4,253,466)
Improvements other than buildings	(74,029,059)	-	(4,042,796)	-	(78,071,855)
Machinery and equipment	(12,518,569)	(36,894)	(944,581)	2,473,092	(11,026,952)
Furniture and fixtures	(1,360,472)	-	(6,482)	128,555	(1,238,399)
Total accumulated depreciation	(92,057,104)	(36,894)	(5,098,321)	2,601,647	(94,590,672)
Total capital assets, depreciated (net)	79,093,335	-	(2,914,674)	(17,703)	76,160,958
Net business-type capital assets	\$ 83,554,759	\$ -	\$ (2,604,972)	\$ (486,409)	\$ 80,463,378

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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

Governmental activities:

General government	\$ 840,087
Public safety	1,043,501
Highways and public improvements	3,197,963
Parks, recreation, and public property	713,619
Library	90,790
Total depreciation expense - governmental activities	\$5,885,960

Business-type activities:

Water	\$ 781,723
Waste Water	413,455
Storm Water	843,882
Power	2,837,110
Murray Parkway Recreation	222,151
Total depreciation expense - business-type activities	\$5,098,321

Interfund Receivable, Payables and Transfers

At June 30, 2010, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Library	\$ 560,953
General	Power	139,430
General	Redevelopment Agency	100,000
Waste Water	Water	480
Water	Power	271,056
		\$1,071,919

Interfund advances are generally for working capital requirements and are generally expected to be repaid in the next fiscal year. During the year ended June 30, 2008, the General Fund advanced the Library Fund \$750,000 for a building remodel project. During the year ended June 30, 2009, this loan was restructured to mature on March 1, 2015 with equal annual installment payments, including interest at a rate of 3.25%, due each March.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

In addition to the above amounts which will be repaid by the respective funds, transfers were made which will not be repaid. Such amounts for the fiscal year ended June 30, 2010 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 576,175
Waste Water	General	363,414
Storm Water	General	125,340
Power	General	1,918,200
Murray Parkway Recreation	General	21,996
Cemetery Perpetual Care	General	60,000
Library	General	67,372
Redevelopment Agency	General	805,503
Community Development	General	5,977
General	Capital Projects	237,000
		<u>\$ 4,180,977</u>

The majority of transfers were to governmental funds for administrative services they provide to other funds, and for capital expenditures in governmental funds that benefit the City.

Investments in Joint Ventures

The City is a participant in several joint ventures listed below 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.

Trans-Jordan Cities The City has an approximate 8.8% 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, 2010, is reported in the government-wide statement of net assets. 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 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.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Investments in Joint Ventures (Continued)

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.

Central Valley Water Reclamation Facility The Waste Water Fund (an enterprise fund) has an approximate 5.7% ownership in the Central Valley Water Reclamation Facility (the Facility). The Facility, a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. 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 and 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 operating, maintenance, administrative expenses and debt service amounted to \$1,072,153 in 2010. The Waste Water Fund made a net contribution of \$132,656 to the Facility in 2010 and recorded a \$335,297 loss on joint venture resulting in a net decrease in its investment in the Facility of \$202,641.

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2009 is \$3,027,926. 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.

Interlocal Agreements

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 34 municipalities, one joint action agency, one electric service district and one water conservancy district.

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".

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Interlocal Agreements (Continued)

UAMPS' purposes include planning, financing, developing, acquiring, constructing, improving, bettering, operating and maintaining of projects, or ownership interests or capacity rights therein, for the generation, transmission and distribution of electric energy for the benefit of its members.

As a member of UAMPS, the City has participated in various individual projects. The City acquired for \$45,662 an approximate five percent interest in the Hunter II power plant project. During the year ended June 30, 1990, the City acquired an approximate five percent entitlement in UAMPS' share of a transmission service project from Craig, Colorado to Mona, Utah (the Craig-Mona project) for \$1,805,428. The City acquired an additional 1.6 mega watts of plant capacity in the San Juan Generating Station Unit 4 for \$1,953,599 during 1994. During the year ended June 30, 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, 2010 is \$2,465,798.

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 AMPS.

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 2825 East Cottonwood Parkway, Suite #200, Salt Lake City, UT 84121.

Valley Emergency Communications Center The City is a member of the Valley Emergency Communications Center (the Center). The Center 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 of the Center 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.

The Center is governed by a Board of Trustees consisting of one representative from each member appointed by the governing body thereof. The Center's 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 by the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Valley Emergency Communications Center (Continued) 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.

DEA - 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 cooperative 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 Corporation, Office of Finance and Administration, 5025 South State Street, Murray, UT 84157-0520.

Capital Leases

The City has entered into lease agreements, as lessee, for financing the acquisition of equipment. These lease agreements qualify as capital 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 through capital leases are as follows:

	<u>Original Principal</u>	<u>Interest Rates</u>
Vacuum truck and golf carts	\$ 420,925	3.264%
Fire engine ladder truck	933,110	4.200%
Ambulances and equipment	519,300	3.850%
Police vehicles	104,487	4.250%
Storm water truck	211,766	4.450%
Asphalt paver	207,451	3.390%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2010 were as follows:

<u>June 30,</u>	<u>Totals</u>
2011	\$ 685,682
2012	599,447
2013	486,012
2014	210,781
	<hr/>
Total minimum lease payments	1,981,923
Less: interest portion	(155,300)
Present value of minimum lease payments	1,826,623
Amount due within one year	(613,845)
Amount due after one year	<u>\$ 1,212,778</u>

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds.

Revenue bonds outstanding at June 30, 2010 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Electric Series 2001	\$ 20,000,000	\$570,000 to \$1,070,000	4.00% to 4.85%	6/1/2014	\$ 4,000,000
Water/Sewer Series 2003	8,500,000	\$305,000 to \$630,000	2.00% to 5.25%	10/1/2023	6,575,000
Electric Series 2004	9,300,000	\$305,000 to \$685,000	3.00% to 5.25%	6/1/2025	7,605,000
Electric Series 2006	9,700,000	\$15,000 to \$1,500,000	4.00% to 5.00%	6/1/2021	9,585,000
Sales Tax Series 2007	9,990,000	\$710,000 to \$875,000	3.75% to 5.000%	12/1/2020	7,765,000
Sales Tax Series 2009A	4,580,000	\$275,000 to \$405,000	3.00% to 4.40%	4/1/2023	4,240,000
Sales Tax Series 2009B	1,535,000	\$235,000 to \$275,000	3.00% to 3.75%	4/1/2015	1,300,000
	<u>\$ 63,605,000</u>				<u>\$ 41,070,000</u>

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2011	\$ 3,165,000	\$ 1,750,635	\$ 4,915,635
2012	3,265,000	1,618,116	4,883,116
2013	3,355,000	1,491,360	4,846,360
2014	3,115,000	1,361,955	4,476,955
2015	3,245,000	1,230,863	4,475,863
2016 - 2020	16,295,000	4,075,276	20,370,276
2021 - 2025	8,630,000	903,477	9,533,477
	<u>\$ 41,070,000</u>	<u>\$ 12,431,682</u>	<u>\$ 53,501,682</u>

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2010 was as follows:

	07/01/09	Increases	Decreases	06/30/10	Due in One Year
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 14,655,000	\$ -	\$ (1,350,000)	\$ 13,305,000	\$ 1,455,000
Excise tax	210,000	-	(210,000)	-	-
Total bonds payable	14,865,000	-	(1,560,000)	13,305,000	1,455,000
Capital leases	1,746,581	207,451	(505,828)	1,448,204	455,739
Compensated absences	2,405,697	1,603,342	(1,428,764)	2,580,275	1,112,415
Net OPEB payable	1,116,266	1,154,984	-	2,271,250	-
Bond issuance premium	186,614	-	(17,823)	168,791	-
Governmental activities, long-term liabilities	<u>\$ 20,320,158</u>	<u>\$ 2,965,777</u>	<u>\$ (3,512,415)</u>	<u>\$ 19,773,520</u>	<u>\$ 3,023,154</u>
<u>Business-type activities</u>					
Revenue bonds payable	\$ 29,420,000	\$ -	\$ (1,655,000)	\$ 27,765,000	\$ 1,710,000
Capital leases	531,009	-	(152,590)	378,419	158,106
Compensated absences	1,032,736	589,609	(548,456)	1,073,889	455,241
Net OPEB payable	378,836	340,117	-	718,953	-
Bond issuance premium	529,742	-	(38,237)	491,505	-
Business-type activities, long-term liabilities	<u>\$ 31,892,323</u>	<u>\$ 929,726</u>	<u>\$ (2,394,283)</u>	<u>\$ 30,427,766</u>	<u>\$ 2,323,347</u>

The Electric Series 2001 Revenue bonds trust indenture specifies a net revenue to debt service coverage ratio the Power Fund is required to maintain. The Power Fund met the debt service coverage requirement at June 30, 2010.

The following is a schedule of bonds that were issued by the City and later refunded because lower interest rates were available:

Bond Description	Original Issue	Unpaid Balance June 30, 2010	Final Date of Maturity	Refunding Bonds
Electric Series 2001	\$ 20,000,000	\$ 9,215,000	6/1/2011	Electric Series 2006
MBA Series 2001	9,790,000	7,155,000	12/1/2011	Sales Tax Series 2007
Sales Tax Series 2002	1,865,000	1,295,000	4/1/2015	Sales Tax Series 2009B

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Information

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 for 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. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Contingent Liabilities Amounts received or receivable from grant agencies are subject to audit and adjustment by 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, although the City expects such amounts, if any, to be immaterial.

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 material adverse effect on the financial condition of the City.

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 24 months) and/or failure to perform under the agreement on the part of each of the California participants.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Commitments

The City entered into a Pledge and Loan Agreement with the Utah Telecommunications 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 would lease use of the fiber optic system to retail vendors of telephone, video and other digital 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. The maximum amount committed by the City was \$1,489,725 for the year ended June 30, 2010, with a 2% increase per year through 2040. 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. These funds will remain on deposit until the sooner of the bonds being retired or 33 years from June 2, 2008. The City may, if additional bonds are issued, be required to deposit additional funds into a bond debt service reserve fund. The timing of these additional pledged deposits depends on the timing of additional bond issues.

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 mentioned above. 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 beginning in 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. A loan receivable for \$820,615 was recorded in the general fund with an offsetting entry to deferred revenue. It is currently unclear as to when UTOPIA will be in a position to repay the loan.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

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 and the State, nor any political subdivision thereof, 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, 2010, 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 \$97.0 million.

Redevelopment Agency In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling \$1,799,288 were generated. Of this amount, the RDA was required to pay \$387,808 to the Murray School District. There is no outstanding debt of the RDA at June 30, 2010, however, the RDA has agreed to make payments on the Series 2009A and 2009B sales tax bonds.

During the year ended June 30, 2010, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$572,702, capital outlay costs totaled \$581,287, and debt service payments totaled \$805,503 for the year.

Employee Retirement Systems and Pension Plans The City contributes to the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for Employers with Social Security Coverage, and the Fire Fighters Retirement System for Employers without Social Security Coverage, (hereafter referred to cumulatively as the Systems) which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS). The Systems provide retirement benefits, annual cost of living adjustments, death benefits, and refunds to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953, as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. URS issues a publicly available financial report that includes financial statements and required supplementary information for the Systems.

A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Funding Policy Plan members are required to contribute a percent of their covered salary (all or part may be paid by the employer for the employee) to the respective systems to which they belong; 6.00% to the Local Government Contributory Retirement System and 13.49% to the Firefighters Retirement System, respectively. The City is required to contribute a percent of members' annual covered salary to the respective systems; 7.65% to the Local Government Contributory Retirement System, 11.66% to the related Noncontributory Retirement System, and 23.34% to the Public Safety Noncontributory Retirement System. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City's contributions in dollars to each of the Systems for the years ending June 30, 2010, 2009 and 2008, were equal to the required contributions for each year. The contribution amounts are as follows:

	2010	2009	2008
Local Governmental Contributory Retirement System	\$ 153,142	\$ 153,757	\$ 144,742
Local Governmental Noncontributory Retirement System	1,611,044	1,600,410	1,502,454
Public Safety Retirement System for Employers with Social Security Coverage	933,857	898,921	856,686
Firefighters Retirement System	457,029	416,503	359,393

Deferred Compensation Plan Under the URS, the City offers its employees a Deferred Compensation Plan (the Plan) in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The payment of deferred compensation is not available to employees until termination, retirement, death, or emergency. The City discontinued contributions to this plan in 2003.

Defined Contribution Plans The 401(k) plan provided by URS is a multiple-employer defined contribution plan. All employees of the City who participate in the URS contributory, noncontributory, or fire fighters system are eligible to participate in the plan. Employees are immediately 100 percent vested in their contributions to the plan. Employee contributions to the 401(k) plan and the Deferred Compensation Plan are voluntary. Employer contributions are also voluntary and are intended to standardize the contribution rates for all full time employees participating in the URS. The City's contributions to the 401(k) plan were \$809,863, \$789,727, and \$746,174 for the years ended June 30, 2010, 2009 and 2008, respectively.

**MURRAY CITY CORPORATION, UTAH**  
**Notes to the Financial Statements (Continued)**  
**June 30, 2010**

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Defined Contribution Plans (Continued) In addition to the URS plans, the City also participates in a 401 (a) plan provided by International City Management Association, a multiple-employer defined contribution plan. Only elected or appointed employees of the City are eligible to participate in this plan. Employees are fully vested upon contribution to the plan. Currently, there are three employees who participate in the plan. The City contributes to the plan on behalf of the employee. Employees are not eligible to make contributions. The contribution requirement for the year ended June 30, 2010 was \$68,300.

In addition to the pension benefits described above, the City provides post-retirement health care benefits in accordance with City policy, to all employees who retire from the City upon completing the requirements for the retirement plan participated in as detailed above. Currently there are 21 retirees who meet those requirements. The City pays 50% of the retirees' health care insurance premiums for the first 18 months with the remaining 50% paid by the retirees on a pay-as-you-go basis. After 18 months, the City pays 20% to 30% of the premium, depending on the retiree's years of service. This post employment benefit is available until the retiree reaches the age of 65 at which time they are no longer eligible to participate. Terminated employees under the COBRA act are allowed to purchase the same insurance policy at their own expense for a period of 18 months. The City paid \$51,286 in premiums for retirees during the fiscal year ended June 30, 2010.

The GASB has issued Statement No. 45, "Accounting and Financial Reporting by Employers for Post Employment Benefits Other Than Pensions", which established accounting standards for reporting other post employment benefits (OPEB). Statement 45, which is effective for the City for the year ended June 30, 2009, requires the City to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting.

As of July 1, 2009, the date of the latest actuarial valuation, approximately 411 active employees and 21 inactive (retired) employees are receiving health insurance benefits from the City. The actuarial accrued liability (AAL) for benefits was \$15.23 million, with no actuarial value of assets, resulting in an unfunded accrued liability of \$15.23 million due to the City's pay-as-you-go accounting.

Net OPEB obligation beginning of year	\$ 1,495,102
Annual required contribution/OPEB cost	1,495,101
Contributions made	-
Increase in net OPEB obligations	1,495,101
Net OPEB obligation end of year	\$ 2,990,203

The Net OPEB expense of \$1,495,101 is the additional amount that the City will report as a liability.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amount and assumptions about the probability of events far in the future. Examples include assumptions about future employment, mortality and healthcare cost trends. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. In the July 1, 2009 actuarial valuation, an interest rate of 4% was used and an amortization period of 30 years. The projected annual healthcare cost trend rate is initially 6.5% and trending down to 5.1% for FY 60-61 and later.

**MURRAY CITY CORPORATION, UTAH**  
**Combining Balance Sheet – Nonmajor Governmental Funds**  
**June 30, 2010**

	Special Revenue			Permanent		Total Nonmajor Governmental Funds
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Block Grant Fund	Cemetery Perpetual Care Fund	
<b>ASSETS</b>						
Cash and cash equivalents	\$ 323	\$ 433,822	\$ 938,041	\$ 3,355	\$ 1,325,504	\$ 2,701,045
Receivables:						
Due from other governments	-	-	-	10,504	-	10,504
Property taxes	-	1,455,759	-	-	-	1,455,759
Restricted cash	-	25,318	-	-	-	25,318
Land held for resale	-	-	20,000	-	-	20,000
<b>Total assets</b>	<b>\$ 323</b>	<b>\$ 1,914,899</b>	<b>\$ 958,041</b>	<b>\$ 13,859</b>	<b>\$ 1,325,504</b>	<b>\$ 4,212,626</b>
<b>LIABILITIES</b>						
Accounts payable	\$ -	\$ 24,313	\$ 6,536	\$ -	\$ -	\$ 30,849
Accrued liabilities	-	10,885	-	-	-	10,885
Deferred revenue	-	1,434,509	-	-	-	1,434,509
Due to other funds	-	560,953	100,000	-	-	660,953
<b>Total liabilities</b>	<b>-</b>	<b>2,030,660</b>	<b>106,536</b>	<b>-</b>	<b>-</b>	<b>2,137,196</b>
<b>FUND BALANCE</b>						
Reserved for:						
Land held for resale	-	-	20,000	-	-	20,000
Library endowment	-	25,318	-	-	-	25,318
Cemetery perpetual care	-	-	-	-	520,000	520,000
Unreserved:						
Undesignated	323	(141,079)	831,505	13,859	805,504	1,510,112
<b>Total fund balance</b>	<b>323</b>	<b>(115,761)</b>	<b>851,505</b>	<b>13,859</b>	<b>1,325,504</b>	<b>2,075,430</b>
<b>Total liabilities and fund balances</b>	<b>\$ 323</b>	<b>\$ 1,914,899</b>	<b>\$ 958,041</b>	<b>\$ 13,859</b>	<b>\$ 1,325,504</b>	<b>\$ 4,212,626</b>

**MURRAY CITY CORPORATION, UTAH**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2010**

	<u>Special Revenue</u>			<u>Permanent</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Municipal Building Authority</u>	<u>Library Fund</u>	<u>Redevelopment Agency</u>	<u>Community Development Block Grant Fund</u>	<u>Cemetery Perpetual Care Fund</u>	
<u>REVENUES</u>						
Taxes	\$ -	\$ 1,543,712	\$ 1,799,288	\$ -	\$ -	\$ 3,343,000
Intergovernmental	-	41,271	-	109,454	-	150,725
Perpetual care fees	-	-	-	-	58,995	58,995
Fines and forfeitures	-	47,954	-	-	-	47,954
Interest	2	4,095	7,833	-	8,117	20,047
Miscellaneous	1,000	7,542	-	-	-	8,542
<b>Total revenues</b>	<b>1,002</b>	<b>1,644,574</b>	<b>1,807,121</b>	<b>109,454</b>	<b>67,112</b>	<b>3,629,263</b>
<u>EXPENDITURES</u>						
Municipal building authority	1,000	-	-	-	-	1,000
Library	-	1,467,049	-	-	-	1,467,049
Redevelopment	-	-	1,153,989	-	-	1,153,989
Community & economic development	-	-	-	102,400	-	102,400
Debt service: Interest	-	21,541	-	-	-	21,541
<b>Total expenditures</b>	<b>1,000</b>	<b>1,488,590</b>	<b>1,153,989</b>	<b>102,400</b>	<b>-</b>	<b>2,745,979</b>
<b>Excess of revenues over expenditures</b>	<b>2</b>	<b>155,984</b>	<b>653,132</b>	<b>7,054</b>	<b>67,112</b>	<b>883,284</b>
<u>OTHER FINANCING SOURCES (USES)</u>						
Transfers out	-	(67,372)	(805,503)	(5,977)	(60,000)	(938,852)
<b>Total other financing uses</b>	<b>-</b>	<b>(67,372)</b>	<b>(805,503)</b>	<b>(5,977)</b>	<b>(60,000)</b>	<b>(938,852)</b>
<b>Net change in fund balance</b>	<b>2</b>	<b>88,612</b>	<b>(152,371)</b>	<b>1,077</b>	<b>7,112</b>	<b>(55,568)</b>
<b>Fund balance, beginning of year</b>	<b>321</b>	<b>(204,373)</b>	<b>1,003,876</b>	<b>12,782</b>	<b>1,318,392</b>	<b>2,130,998</b>
<b>Fund balance, end of year</b>	<b>\$ 323</b>	<b>\$ (115,761)</b>	<b>\$ 851,505</b>	<b>\$ 13,859</b>	<b>\$ 1,325,504</b>	<b>\$ 2,075,430</b>

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Municipal Building Authority – Budget to Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Miscellaneous	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Interest income	-	-	2	2
<b>Total revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>1,002</u>	<u>2</u>
<u>EXPENDITURES</u>				
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Total expenditures</b>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
<b>Net change in fund balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>2</u>	<u>\$ 2</u>
<b>Fund balance at beginning of year</b>			<u>321</u>	
<b>Fund balance at end of year</b>			<u>\$ 323</u>	

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Library Fund – Budget to Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<b>Actual Amounts</b>	<b>Variance with Final Budget</b>
	<b>Original</b>	<b>Final</b>		
<b><u>REVENUES</u></b>				
Taxes	\$ 1,588,510	\$ 1,588,510	\$ 1,543,712	\$ (44,798)
Intergovernmental	16,500	32,737	41,271	8,534
Fines and forfeitures	40,000	40,000	47,954	7,954
Interest income	11,000	11,000	4,095	(6,905)
Miscellaneous	5,500	5,500	7,542	2,042
Total revenues	<u>1,661,510</u>	<u>1,677,747</u>	<u>1,644,574</u>	<u>(33,173)</u>
<b><u>EXPENDITURES</u></b>				
Salaries and wages	922,877	922,877	915,399	7,478
Building, equipment, and repairs and maintenance	294,429	294,429	308,105	(13,676)
Books and periodicals	197,000	197,000	213,793	(16,793)
Capital outlay	600	600	28,821	(28,221)
Miscellaneous	88,873	105,110	931	104,179
Debt service				
Principal	101,823	101,823	-	101,823
Interest and administrative charges	21,541	21,541	21,541	-
Total expenditures	<u>1,627,143</u>	<u>1,643,380</u>	<u>1,488,590</u>	<u>154,790</u>
<b>Excess of revenues over expenditures</b>	<u>34,367</u>	<u>34,367</u>	<u>155,984</u>	<u>121,617</u>
<b><u>OTHER FINANCING USES</u></b>				
Transfer out	67,373	67,373	(67,372)	(134,745)
Total other financing uses	<u>67,373</u>	<u>67,373</u>	<u>(67,372)</u>	<u>(134,745)</u>
Net change in fund balance	<u>\$ (33,006)</u>	<u>\$ (33,006)</u>	<u>88,612</u>	<u>\$ (13,128)</u>
<b>Fund balance at beginning of year</b>			<u>(204,373)</u>	
<b>Fund balance at end of year</b>			<u>\$ (115,761)</u>	

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Redevelopment Agency Fund – Budget to Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<b><u>REVENUES</u></b>				
Taxes	\$ 1,983,000	\$ 1,983,000	\$ 1,799,288	\$ (183,712)
Interest income	30,000	30,000	7,833	(22,167)
Miscellaneous	-	660,000	-	(660,000)
Total revenues	<u>2,013,000</u>	<u>2,673,000</u>	<u>1,807,121</u>	<u>(865,879)</u>
<b><u>EXPENDITURES</u></b>				
Professional services	69,947	729,947	762,797	(32,850)
Miscellaneous	443,300	443,300	391,192	52,108
Total expenditures	<u>513,247</u>	<u>1,173,247</u>	<u>1,153,989</u>	<u>19,258</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>1,499,753</u>	<u>1,499,753</u>	<u>653,132</u>	<u>(846,621)</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfer out	(805,505)	(805,505)	(805,503)	2
Total other financing sources (uses)	<u>(805,505)</u>	<u>(805,505)</u>	<u>(805,503)</u>	<u>2</u>
Net change in fund balance	<u>\$ 2,305,258</u>	<u>\$ 2,305,258</u>	<u>(152,371)</u>	<u>\$ (846,619)</u>
<b>Fund balance at beginning of year</b>			<u>1,003,876</u>	
<b>Fund balance at end of year</b>			<u>\$ 851,505</u>	

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Community Development Block Grant Fund – Budget to Actual**  
**For the Year Ended June 30, 2010**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Intergovernmental	\$ 259,700	\$ 430,623	\$ 109,454	\$ (321,169)
<b>Total revenues</b>	259,700	430,623	109,454	(321,169)
<u>EXPENDITURES</u>				
Miscellaneous	259,700	424,646	102,400	322,246
<b>Total expenditures</b>	259,700	424,646	102,400	322,246
<b>Excess (deficiency) of revenues over (under) expenditures</b>	-	5,977	7,054	(1,077)
<u>OTHER FINANCING USES</u>				
Transfer out	-	(5,977)	(5,977)	-
<b>Total other financing uses</b>	-	(5,977)	(5,977)	-
<b>Net change in fund balance</b>	\$ -	\$ -	1,077	\$ (1,077)
<b>Fund balance at beginning of year</b>			12,782	
<b>Fund balance at end of year</b>			\$ 13,859	

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Capital Projects (Major Fund) – Budget to Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Interest income	\$ 50,000	\$ 50,000	\$ 29,979	\$ (20,021)
Miscellaneous income	-	-	210,379	210,379
<b>Total revenues</b>	<u>50,000</u>	<u>50,000</u>	<u>240,358</u>	<u>190,358</u>
<u>EXPENDITURES</u>				
General government	4,042,240	4,042,240	1,955,359	2,086,881
Public safety	500,000	788,000	261,873	526,127
<b>Total expenditures</b>	<u>4,542,240</u>	<u>4,830,240</u>	<u>2,217,232</u>	<u>2,613,008</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<u>(4,492,240)</u>	<u>(4,780,240)</u>	<u>(1,976,874)</u>	<u>2,803,366</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	500,000	500,000	237,000	(263,000)
Transfers out	(400,000)	(400,000)	-	400,000
<b>Total other financing sources (uses)</b>	<u>100,000</u>	<u>100,000</u>	<u>237,000</u>	<u>137,000</u>
<b>Net change in fund balance</b>	<u>\$ (4,392,240)</u>	<u>\$ (4,680,240)</u>	<u>(1,739,874)</u>	<u>\$ 2,940,366</u>
<b>Fund balance at beginning of year</b>			<u>5,393,324</u>	
<b>Fund balance at end of year</b>			<u>\$ 3,653,450</u>	

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance –**  
**Cemetery Perpetual Care Fund – Budget to Actual**  
**For the Year Ended June 30, 2010**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Perpetual care fees	\$ 50,000	\$ 50,000	\$ 58,995	\$ 8,995
Interest income	30,000	30,000	8,117	(21,883)
<b>Total revenues</b>	<b>80,000</b>	<b>80,000</b>	<b>67,112</b>	<b>(12,888)</b>
<u>EXPENDITURES</u>				
Miscellaneous	-	-	-	-
<b>Total expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess of revenues over expenditures</b>	<b>80,000</b>	<b>80,000</b>	<b>67,112</b>	<b>(12,888)</b>
<u>OTHER FINANCING USES</u>				
Transfers out	(60,000)	(60,000)	(60,000)	-
<b>Total other financing uses</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>(60,000)</b>	<b>-</b>
<b>Net change in fund balance</b>	<b>\$ 20,000</b>	<b>\$ 20,000</b>	<b>7,112</b>	<b>\$ (12,888)</b>
<b>Fund balance at beginning of year</b>			<u>1,318,392</u>	
<b>Fund balance at end of year</b>			<u><u>\$ 1,325,504</u></u>	

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Net Assets – Internal Service Funds**  
**June 30, 2010**

	Central Garage Fund	Retained Risk Reserve Fund	Total
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 81,793	\$ 1,231,965	\$ 1,313,758
Receivables - accounts	48,045	-	48,045
Inventories	38,336	-	38,336
Total current assets	168,174	1,231,965	1,400,139
Noncurrent assets:			
Capital assets:			
Machinery and equipment	144,660	-	144,660
Less: accumulated depreciation	(92,389)	-	(92,389)
Total noncurrent assets	52,271	-	52,271
<b>Total assets</b>	<b>\$ 220,445</b>	<b>\$ 1,231,965</b>	<b>\$ 1,452,410</b>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable	\$ 34,581	\$ 6,041	\$ 40,622
Accrued liabilities	51,510	200,000	251,510
Compensated absences	15,183	-	15,183
Total current liabilities	101,274	206,041	307,315
Noncurrent liabilities:			
Compensated absences	19,052	-	19,052
Net OPEB payable	30,643	-	30,643
Total noncurrent liabilities	49,695	-	49,695
<b>Total liabilities</b>	<b>150,969</b>	<b>206,041</b>	<b>357,010</b>
<b>NET ASSETS</b>			
Invested in capital assets	52,271	-	52,271
Unrestricted	17,205	1,025,924	1,043,129
<b>Total net assets</b>	<b>69,476</b>	<b>1,025,924</b>	<b>1,095,400</b>
<b>Total liabilities and net assets</b>	<b>\$ 220,445</b>	<b>\$ 1,231,965</b>	<b>\$ 1,452,410</b>

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets –**  
**Internal Service Funds**  
**For the Year Ended June 30, 2010**

	<b>Central Garage Fund</b>	<b>Retained Risk Reserve Fund</b>	<b>Total</b>
<u>OPERATING REVENUES</u>			
Charges for services	\$ 416,209	\$ 613,342	\$ 1,029,551
<b>Total operating revenues</b>	<b>416,209</b>	<b>613,342</b>	<b>1,029,551</b>
<u>OPERATING EXPENSES</u>			
Depreciation and amortization	4,622	-	4,622
Garage	365,622	-	365,622
Self insurance claims	-	87,198	87,198
Insurance premiums	-	161,988	161,988
<b>Total operating expenses</b>	<b>370,244</b>	<b>249,186</b>	<b>619,430</b>
<b>Operating income</b>	<b>45,965</b>	<b>364,156</b>	<b>410,121</b>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	-	5,424	5,424
Gain/(loss) on disposal of assets	977	-	977
Other revenues (expenses)	-	18,065	18,065
<b>Total nonoperating revenues (expenses)</b>	<b>977</b>	<b>23,489</b>	<b>24,466</b>
<b>Change in net assets</b>	<b>46,942</b>	<b>387,645</b>	<b>434,587</b>
<b>Total net assets - beginning</b>	<b>22,534</b>	<b>638,279</b>	<b>660,813</b>
<b>Total net assets - ending</b>	<b>\$ 69,476</b>	<b>\$ 1,025,924</b>	<b>\$ 1,095,400</b>

**MURRAY CITY CORPORATION, UTAH**  
**Statement of Cash Flows – Internal Service Funds**  
**For the Year Ended June 30, 2010**

	Central Garage Fund	Retained Risk Reserve Fund	Total
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 368,164	\$ 613,342	\$ 981,506
Payments for interfund services	-		
Payments to suppliers	(25,489)	(243,145)	(268,634)
Payments to employees	(257,340)	-	(257,340)
<b>Net cash provided by operating activities</b>	<u>85,335</u>	<u>370,197</u>	<u>455,532</u>
<b>Cash flows from noncapital financing activities</b>			
Proceeds from insurance claim	-	18,065	18,065
<b>Net cash provided by noncapital financing activities</b>	<u>-</u>	<u>18,065</u>	<u>18,065</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(6,484)	-	(6,484)
Proceeds from sale of assets	977	-	977
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(5,507)</u>	<u>-</u>	<u>(5,507)</u>
<b>Cash flows from investing activities</b>			
Interest and dividends received	-	5,424	5,424
<b>Net cash provided by investing activities</b>	<u>-</u>	<u>5,424</u>	<u>5,424</u>
<b>Net increase in cash and cash equivalents</b>	79,828	393,686	473,514
<b>Cash and cash equivalents, beginning of year</b>	1,965	838,279	840,244
<b>Cash and cash equivalents, end of year</b>	<u>\$ 81,793</u>	<u>\$ 1,231,965</u>	<u>\$ 1,313,758</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income	\$ 45,965	\$ 364,156	\$ 410,121
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	4,622	-	4,622
Changes in assets and liabilities:			
Receivables	(48,045)		(48,045)
Inventories	20,203	-	20,203
Accounts payable	23,797	6,041	29,838
Accrued liabilities	49,423	-	49,423
Due to other funds	(25,000)	-	(25,000)
Compensated absences & OPEB	14,370	-	14,370
<b>Net cash provided by operating activities</b>	<u>\$ 85,335</u>	<u>\$ 370,197</u>	<u>\$ 455,532</u>

**MURRAY CITY CORPORATION, UTAH**  
**Combining Statement of Net Assets – Nonmajor Proprietary Funds**  
**June 30, 2010**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	
<b><u>ASSETS</u></b>			
Current assets:			
Cash and cash equivalents	\$ 386,067	\$ 457,443	\$ 843,510
Receivables:			
Accounts	-	43,526	43,526
Inventories	132,710	-	132,710
Total current assets	<u>518,777</u>	<u>500,969</u>	<u>1,019,746</u>
Noncurrent assets:			
Capital assets:			
Land	326,336	-	326,336
Buildings	797,534	-	797,534
Improvements other than buildings	3,895,006	-	3,895,006
Machinery and equipment	832,795	-	832,795
Furniture and fixtures	6,434	-	6,434
Accumulated depreciation	(4,490,977)	-	(4,490,977)
Net capital assets	<u>1,367,128</u>	<u>-</u>	<u>1,367,128</u>
<b>Total assets</b>	<u>\$ 1,885,905</u>	<u>\$ 500,969</u>	<u>\$ 2,386,874</u>
<b><u>LIABILITIES</u></b>			
Current liabilities:			
Accounts payable	\$ 20,167	\$ 64,991	\$ 85,158
Accrued liabilities	26,841	-	26,841
Accrued interest payable	1,209	-	1,209
Compensated absences	34,886	-	34,886
Bonds and leases payable	39,950	-	39,950
Total current liabilities	<u>123,053</u>	<u>64,991</u>	<u>188,044</u>
Noncurrent liabilities:			
Compensated absences	57,217	-	57,217
Net OPEB payable	68,371	-	68,371
Bonds and leases payable	41,254	-	41,254
Total noncurrent liabilities	<u>166,842</u>	<u>-</u>	<u>166,842</u>
<b>Total liabilities</b>	<u>289,895</u>	<u>64,991</u>	<u>354,886</u>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	1,285,924	-	1,285,924
Unrestricted	310,086	435,978	746,064
<b>Total net assets</b>	<u>1,596,010</u>	<u>435,978</u>	<u>2,031,988</u>
<b>Total liabilities and net assets</b>	<u>\$ 1,885,905</u>	<u>\$ 500,969</u>	<u>\$ 2,386,874</u>

**MURRAY CITY CORPORATION, UTAH**  
**Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets –**  
**Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	
<u>OPERATING REVENUES</u>			
Sales and charges for services	\$ 587,154	\$ 818,367	\$ 1,405,521
Green fees	833,846	-	833,846
<b>Total operating revenues</b>	<u>1,421,000</u>	<u>818,367</u>	<u>2,239,367</u>
<u>OPERATING EXPENSES</u>			
Administration and general	132,953	-	132,953
Depreciation and amortization	222,151	-	222,151
Operations and maintenance	1,126,667	806,137	1,932,804
<b>Total operating expenses</b>	<u>1,481,771</u>	<u>806,137</u>	<u>2,287,908</u>
<b>Operating income (loss)</b>	<u>(60,771)</u>	<u>12,230</u>	<u>(48,541)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	2,891	2,532	5,423
Interest expense	(3,307)	-	(3,307)
Gain/(loss) on disposal of assets	1,000	-	1,000
<b>Total nonoperating revenues (expenses)</b>	<u>584</u>	<u>2,532</u>	<u>3,116</u>
<b>Income before transfers</b>	<u>(60,187)</u>	<u>14,762</u>	<u>(45,425)</u>
Transfers Out	(21,996)	-	(21,996)
<b>Change in net assets</b>	<u>(82,183)</u>	<u>14,762</u>	<u>(67,421)</u>
<b>Total net assets - beginning</b>	<u>1,678,193</u>	<u>421,216</u>	<u>2,099,409</u>
<b>Total net assets - ending</b>	<u>\$ 1,596,010</u>	<u>\$ 435,978</u>	<u>\$ 2,031,988</u>

**MURRAY CITY CORPORATION, UTAH**  
**Combining Statement of Cash Flows – Nonmajor Proprietary Funds**  
**For the Year Ended June 30, 2010**

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	
<b>Cash flows from operating activities</b>			
Receipts from customers and users	\$ 1,421,000	\$ 816,891	\$ 2,237,891
Payments to suppliers	(710,101)	(785,076)	(1,495,177)
Payments to employees	(582,147)	-	(582,147)
<b>Net cash provided by operating activities</b>	<u>128,752</u>	<u>31,815</u>	<u>160,567</u>
<b>Cash flows from noncapital financing activities</b>			
Transfers from (to) other funds	(21,996)	-	(21,996)
<b>Net cash used by noncapital financing activities</b>	<u>(21,996)</u>	<u>-</u>	<u>(21,996)</u>
<b>Cash flows from capital and related financing activities</b>			
Acquisition of capital assets	(85,665)	-	(85,665)
Proceeds from sale of assets	1,000	-	1,000
Interest paid on capital debt	(3,892)	-	(3,892)
Principal paid on debt	(38,688)	-	(38,688)
<b>Net cash used by capital and related financing activities</b>	<u>(127,245)</u>	<u>-</u>	<u>(127,245)</u>
<b>Cash flows from investing activities</b>			
Interest and dividends received	2,891	2,532	5,423
<b>Net cash provided by investing activities</b>	<u>2,891</u>	<u>2,532</u>	<u>5,423</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(17,598)	34,347	16,749
<b>Cash and cash equivalents, beginning of year</b>	403,665	423,096	826,761
<b>Cash and cash equivalents, end of year</b>	<u>\$ 386,067</u>	<u>\$ 457,443</u>	<u>\$ 843,510</u>
<b>Reconciliation of operating income to net cash provided by operating activities</b>			
Operating income (loss)	\$ (60,771)	\$ 12,230	\$ (48,541)
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	222,151	-	222,151
Changes in assets and liabilities:			
Accounts receivable	-	(1,476)	(1,476)
Inventories	(54,499)	-	(54,499)
Accounts payable	(21,746)	21,061	(685)
Accrued liabilities	3,911	-	3,911
Compensated absences & OPEB	39,706	-	39,706
<b>Net cash provided by operating activities</b>	<u>\$ 128,752</u>	<u>\$ 31,815</u>	<u>\$ 160,567</u>

MURRAY CITY CORPORATION, UTAH

Statistical Section

This part of the City’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosure, and required supplementary information says about the government’s overall financial health.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	78
Revenue Capacity These schedules contain information to help the reader assess the government’s most significant local revenue source, the sales tax and property tax.	86
Debt Capacity These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	90
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	94
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	96

MURRAY CITY CORPORATION  
Schedule 1  
Net Assets by Component  
Last Nine Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Governmental activities</b>									
Invested in capital assets, net of debt	\$ 22,870	\$ 28,770	\$ 28,343	\$ 29,542	\$ 52,275	\$ 52,908	\$ 52,903	\$ 59,490	\$ 58,427
Restricted	7,557	2,559	2,202	1,899	1,900	520	520	6,295	3,432
Unrestricted	12,289	13,451	15,689	18,077	20,642	18,270	22,141	8,984	10,222
<b>Total governmental net assets</b>	<b>\$ 42,716</b>	<b>\$ 44,780</b>	<b>\$ 46,234</b>	<b>\$ 49,518</b>	<b>\$ 74,817</b>	<b>\$ 71,698</b>	<b>\$ 75,564</b>	<b>\$ 74,769</b>	<b>\$ 72,081</b>
<b>Business-type activities</b>									
Invested in capital assets, net of debt	\$ 49,287	\$ 53,545	\$ 49,573	\$ 39,193	\$ 42,286	\$ 56,427	\$ 53,269	\$ 53,074	\$ 51,828
Restricted	2,121	2,155	4,283	314	314	-	-	1,003	1,000
Unrestricted	4,610	2,102	3,189	18,453	16,911	16,279	18,306	16,660	14,758
<b>Total business-type net assets</b>	<b>\$ 56,018</b>	<b>\$ 57,802</b>	<b>\$ 57,045</b>	<b>\$ 57,960</b>	<b>\$ 59,511</b>	<b>\$ 72,706</b>	<b>\$ 71,575</b>	<b>\$ 70,737</b>	<b>\$ 67,586</b>
<b>Primary government</b>									
Invested in capital assets, net of debt	\$ 72,156	\$ 82,315	\$ 77,916	\$ 68,735	\$ 94,561	\$ 109,335	\$ 106,172	\$ 112,564	\$ 110,255
Restricted	9,679	4,714	6,485	2,213	2,214	520	520	7,298	4,432
Unrestricted	16,899	15,553	18,878	36,530	37,553	34,549	40,447	25,644	24,980
<b>Total primary government net assets</b>	<b>\$ 98,734</b>	<b>\$ 102,582</b>	<b>\$ 103,279</b>	<b>\$ 107,478</b>	<b>\$ 134,328</b>	<b>\$ 144,404</b>	<b>\$ 147,139</b>	<b>\$ 145,506</b>	<b>\$ 139,667</b>

Note: Information is not available for years prior to 2002 when the city implemented the GASB Statement 34 reporting model.

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MURRAY CITY CORPORATION  
Schedule 2  
Changes in Net Assets  
Last Nine Fiscal Years  
(accrual basis of accounting)  
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Expenses</b>									
<b>Governmental activities</b>									
General government	\$ 4,065	\$ 4,137	\$ 4,075	\$ 4,054	\$ 4,557	\$ 5,090	\$ 5,536	\$ 9,033	\$ 9,821
Public safety	12,417	12,392	13,214	13,877	14,387	15,758	15,990	18,182	18,459
Highways & public improvements	4,748	4,459	4,874	3,724	7,430	5,915	5,212	6,066	7,358
Parks & recreation	3,348	2,908	5,563	6,084	6,557	6,705	6,297	5,922	6,118
Library	1,128	1,139	1,259	1,380	1,468	1,478	1,444	1,343	1,599
Community & economic development	2,226	385	526	684	607	434	777	942	676
Interest on long term debt	653	782	764	774	709	427	489	559	621
<b>Total governmental expenses</b>	<b>28,585</b>	<b>26,202</b>	<b>30,275</b>	<b>30,577</b>	<b>35,715</b>	<b>35,807</b>	<b>35,745</b>	<b>42,047</b>	<b>44,652</b>
<b>Business-type activities</b>									
Power	37,518	30,597	30,183	30,428	32,394	33,585	35,397	35,358	32,420
Water	3,249	3,368	3,752	4,047	3,663	4,023	3,520	4,223	5,998
Wastewater	2,642	2,926	2,945	3,033	3,404	3,354	2,746	3,563	3,274
Golf course	1,961	1,570	1,448	1,469	1,398	1,729	1,538	1,574	1,485
Telecomm/Storm Water in 2007	178	215	214	-	-	1,463	1,382	1,392	1,421
Solid waste	642	299	1,013	683	742	782	711	832	806
<b>Total business-type net assets</b>	<b>46,190</b>	<b>38,975</b>	<b>39,555</b>	<b>39,660</b>	<b>41,601</b>	<b>44,936</b>	<b>45,294</b>	<b>46,942</b>	<b>45,404</b>
<b>Total primary government expenses</b>	<b>\$ 74,775</b>	<b>\$ 65,177</b>	<b>\$ 69,830</b>	<b>\$ 70,237</b>	<b>\$ 77,316</b>	<b>\$ 80,743</b>	<b>\$ 81,039</b>	<b>\$ 88,989</b>	<b>\$ 90,056</b>
<b>Program revenues</b>									
<b>Charges for services</b>									
General government	\$ 4,242	\$ 3,553	\$ 3,963	\$ 4,303	\$ 3,272	\$ 3,386	\$ 3,616	\$ 5,964	\$ 5,926
Public safety	333	248	161	234	338	323	340	867	644
Highways & public improvements	-	-	-	-	-	-	-	97	85
Parks & recreation	746	1,013	1,313	1,404	1,505	1,689	1,702	1,632	1,702
Library	24	28	28	27	36	35	40	46	48
Community & economic development	491	711	670	1,743	798	1,041	-	-	-
Operating grants & contributions	184	-	307	370	457	555	365	457	406
Capital grants & contributions	1,616	1,741	1,613	1,366	1,491	14,893	1,591	1,232	2,179
<b>Total governmental program revenues</b>	<b>7,636</b>	<b>7,294</b>	<b>8,055</b>	<b>9,447</b>	<b>7,897</b>	<b>21,922</b>	<b>7,654</b>	<b>10,295</b>	<b>10,990</b>

Business-type activities

Charges for services										
Power	\$ 29,419	\$ 32,332	\$ 29,041	\$ 28,963	\$ 29,904	\$ 33,379	\$ 33,707	\$ 35,617	\$ 33,187	
Water	3,197	3,663	4,593	5,083	5,106	5,566	5,594	5,492	4,781	
Wastewater	2,515	3,059	3,250	3,887	3,257	3,399	3,448	3,556	3,397	
Golf course	1,492	1,585	1,347	1,345	1,475	1,592	1,542	1,596	1,421	
Telecomm/Storm water in 2007	-	-	24	272	278	1,522	1,508	1,467	1,400	
Solid waste	299	307	799	813	807	829	833	819	818	
Capital grants & contributions	786	81	-	-	-	-	-	-	-	
Total business-type program revenues	37,708	41,027	39,054	40,363	40,827	46,287	46,632	48,547	45,005	
Total primary government program revenues	\$ 45,344	\$ 48,321	\$ 47,109	\$ 49,810	\$ 48,724	\$ 68,209	\$ 54,286	\$ 58,842	\$ 55,995	

Net (expense)/revenue

Governmental activities	\$ (20,949)	\$ (18,698)	\$ (22,219)	\$ (21,131)	\$ (27,818)	\$ (13,885)	\$ (28,090)	\$ (31,752)	\$ (33,663)
Business-type activities	(8,482)	2,053	(502)	704	(774)	1,351	1,337	1,604	(399)
Total primary government net expense	\$ (29,431)	\$ (16,645)	\$ (22,721)	\$ (20,427)	\$ (28,592)	\$ (12,534)	\$ (26,753)	\$ (30,148)	\$ (34,062)

General revenues & other changes in net assets

Governmental activities									
Taxes									
Property taxes	\$ 5,091	\$ 5,707	\$ 7,116	\$ 6,801	\$ 8,517	\$ 8,784	\$ 8,975	\$ 8,774	\$ 9,700
Franchise taxes	748	2,025	2,141	2,933	3,173	3,481	3,503	5,056	4,931
General sales taxes & highway sales taxes	13,222	11,796	12,952	13,677	15,115	15,235	15,288	12,444	12,293
Interest income	651	449	434	464	727	1,069	943	514	396
Gain(loss) on sale & disposal of assets	(1,128)	134	88	127	115	109	165	51	(85)
Miscellaneous	298	205	492	203	202	324	269	1,181	735
Rent, transfers & miscellaneous	575	445	451	209	1,019	(10,781)	2,813	2,937	3,005
Total governmental activities	19,457	20,761	23,674	24,414	28,868	18,221	31,956	30,957	30,975

Business-type activities

Interest income	423	177	196	369	785	831	760	434	215
Gain on sale & disposal of assets	-	-	-	52	2,558	199	579	60	39
Rent & transfers	(575)	(445)	(452)	(209)	(1,019)	10,813	(2,813)	(2,937)	(3,005)
Total business-type activities	(152)	(268)	(256)	212	2,324	11,843	(1,474)	(2,443)	(2,751)
Total primary government	\$ 19,305	\$ 20,493	\$ 23,418	\$ 24,626	\$ 31,192	\$ 30,064	\$ 30,482	\$ 28,514	\$ 28,224

Change in net assets

Governmental activities	\$ (1,492)	\$ 2,063	\$ 1,454	\$ 3,284	\$ 1,049	\$ 4,336	\$ 3,866	\$ (796)	\$ (2,687)
Business-type activities	(8,634)	1,785	(757)	915	1,551	13,194	(136)	(837)	(3,151)
Total primary government	\$ (10,126)	\$ 3,848	\$ 697	\$ 4,199	\$ 2,600	\$ 17,530	\$ 3,730	\$ (1,633)	\$ (5,838)

MURRAY CITY CORPORATION  
Schedule 3  
Governmental Activities Tax Revenues By Source  
Last Ten Fiscal Years  
(accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Transient Room Tax	In Lieu of Tax Transfer	Total
2001	\$ 4,537,715	\$ 11,779,998	\$ 979,356	\$ 58,291	\$ 2,734,222	\$ 20,089,582
2002	5,020,708	12,709,545	1,369,446	48,509	2,357,056	21,505,264
2003	5,113,897	11,092,873	2,649,398	78,276	1,293,801	20,228,245
2004	6,369,655	11,871,337	3,160,337	60,990	1,374,758	22,837,077
2005	6,919,279	12,356,922	4,188,965	63,918	1,315,997	24,845,081
2006	6,959,296	13,464,760	4,742,777	80,409		25,247,242
2007	8,928,609	14,001,006	4,618,367	96,061		27,644,043
2008	8,975,027	13,941,921	4,918,591	103,260		27,938,799
2009	8,773,598	12,249,133	5,056,167	102,350		26,181,248
2010	9,700,152	12,517,564	4,931,012	73,421		27,222,149

Note: Beginning in 2006 In Lieu of Tax Transfers were no longer classified as tax revenue.

MURRAY CITY CORPORATION  
Schedule 4  
Fund Balances of Governmental Funds  
Last Ten Years  
(modified accural basis of accounting)  
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
General fund										
Reserved	\$ 79	\$ 600	\$ 184	\$ 1,580	\$ 1,745	\$ 1,280	\$ 3,065	\$ 3,035	\$ 2,459	\$ 1,490
Unreserved	4,143	5,873	4,145	4,032	6,233	7,781	8,092	5,962	7,060	7,522
Total General Fund	\$ 4,222	\$ 6,473	\$ 4,329	\$ 5,612	\$ 7,978	\$ 9,061	\$ 11,157	\$ 8,997	\$ 9,519	\$ 9,012
All other governmental funds										
Reserved	\$ 1,559	\$ 2,548	\$ 2,149	\$ 1,949	\$ 1,978	\$ 1,952	\$ 575	\$ 576	\$ 5,077	\$ 3,028
Unreserved, reported in										
Capital projects fund	168	176	102	614	197	8	2,372	3,256	881	1,191
Special revenue funds	2,027	2,649	815	591	881	957	1,381	750	768	705
Permanent fund	-	496	509	517	539	607	708	773	798	805
Total all other governmental funds	\$ 3,754	\$ 5,869	\$ 3,575	\$ 3,671	\$ 3,595	\$ 3,524	\$ 5,036	\$ 5,355	\$ 7,524	\$ 5,729

MURRAY CITY CORPORAITON  
Schedule 5  
Changes in Fund Balances of Governmental Funds  
Last Ten Fiscal Years  
(modified accrual basis of accounting)  
(amounts expressed in thousands)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>										
Taxes & special assessments	\$ 20,090	\$ 21,505	\$ 20,228	\$ 22,837	\$ 24,845	\$ 25,247	\$ 27,644	\$ 27,939	\$ 26,181	\$ 27,222
Licenses & permits	902	802	1,052	1,025	2,235	1,449	1,659	1,629	1,236	1,180
Intergovernmental	3,826	2,081	1,952	1,920	1,736	1,948	2,099	1,956	1,688	2,585
Charges for services	962	1,202	1,365	1,586	1,776	1,985	2,122	2,043	5,586	5,434
Fines & forfeitures	1,068	1,475	1,842	2,150	2,384	2,300	2,477	2,026	1,784	1,791
Rents & concessions	772	757	747	1,060	1,326	1,314	1,297	-	-	-
Miscellaneous	354	298	205	492	203	202	325	269	1,181	734
Interest	723	651	439	434	464	727	1,026	905	496	391
<b>Total revenues</b>	<b>28,697</b>	<b>28,771</b>	<b>27,830</b>	<b>31,504</b>	<b>34,969</b>	<b>35,172</b>	<b>38,649</b>	<b>36,767</b>	<b>38,152</b>	<b>39,337</b>
<b>Expenditures</b>										
General government	3,203	2,536	4,069	4,302	4,566	5,105	5,407	5,212	7,969	7,991
Public safety	11,178	11,827	11,744	12,534	13,194	14,624	16,166	16,003	19,804	16,927
Highways & public improvements	3,590	4,330	4,321	4,243	3,274	5,734	3,186	2,707	2,526	4,062
Parks & recreation	2,730	3,061	3,416	4,802	5,328	5,621	6,003	5,286	5,484	5,273
Library	1,080	1,230	1,242	1,362	1,514	1,540	1,549	1,582	1,363	1,467
Community & economic development	47	594	249	258	201	237	33	37	157	102
Redevelopment	319	163	135	267	477	369	400	598	784	573
Municipal building authority	-	-	-	-	-	-	-	-	-	1
Capital outlay	4,337	12,403	5,864	4,095	2,967	231	1,371	8,358	4,342	5,134
Principal	800	796	585	935	1,260	1,300	1,340	1,305	1,723	2,066
Interest	260	606	777	745	772	713	448	515	515	659
Bond issuance costs	-	207	-	-	-	-	159	-	141	-
<b>Total expenditures</b>	<b>27,544</b>	<b>37,753</b>	<b>32,402</b>	<b>33,543</b>	<b>33,553</b>	<b>35,474</b>	<b>36,062</b>	<b>41,603</b>	<b>44,808</b>	<b>44,255</b>
Excess of revenues over (under) expenditures	1,153	(8,982)	(4,572)	(2,039)	1,416	(302)	2,587	(4,836)	(6,656)	(4,918)

**Other financing sources (uses)**

Proceeds from borrowing	-	11,655	-	3,000	-	-	10,156	-	6,162	-
Payments to refunding bond escrow	-	-	-	-	-	-	(11,619)	-	(1,520)	-
Capital lease financing	-	-	-	-	733	180	-	-	1,557	207
Pledge payment-interlocal agreement	-	-	-	-	-	-	-	-	-	(821)
Transfers in	200	1,180	560	25	245	1,576	5,195	8,809	4,681	4,181
Transfers out	(25)	(1,060)	(560)	(25)	(245)	(557)	(2,842)	(5,996)	(1,744)	(1,176)
Sales of capital assets	113	173	134	418	141	115	130	184	210	224
Total other financing sources (uses)	288	11,948	134	3,418	874	1,314	1,020	2,997	9,346	2,615
Net change in fund balances	\$ 1,441	\$ 2,966	\$ (4,438)	\$ 1,379	\$ 2,290	\$ 1,012	\$ 3,607	\$ (1,839)	\$ 2,690	\$ (2,303)

Debt service as a % of noncapital expenditures

4.79%	5.91%	5.41%	6.05%	7.12%	6.06%	5.46%	5.79%	5.88%	7.49%
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MURRAY CITY CORPORATION  
Schedule 6  
Assessed Value and Estimated Actual Value of Taxable Property  
Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a % of Actual Value
2001	\$ 1,995,381,842	1.36	\$ 2,460,000,000	81.1%
2002	2,140,558,277	1.54	2,820,000,000	75.9%
2003	2,240,713,841	1.49	2,870,000,000	78.1%
2004	2,646,945,401	1.51	3,578,000,000	74.0%
2005	2,759,982,137	1.50	3,720,000,000	74.2%
2006	2,862,401,216	1.45	3,863,000,000	74.1%
2007	3,288,381,528	1.77	4,420,000,000	74.4%
2008	3,866,773,720	1.52	5,225,000,000	74.0%
2009	4,098,025,336	1.42	6,075,000,000	67.5%
2010	3,603,823,596	1.63	5,388,000,000	66.9%

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value.

MURRAY CITY CORPORATION  
Schedule 6A  
Power Fund Revenue Information

Note: Information on power revenue is located in the "Continuing Disclosure Section" under the Electric Revenue Bond title.

MURRAY CITY CORPORATION  
 Schedule 7  
 Direct and Overlapping Property Tax Rates  
 Last Ten Fiscal Years  
 (rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rate	Overlapping Rates				
	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2001	1.36%	5.14%	0.40%	2.91%	0.01%	0.39%
2002	1.54	5.88	0.39	2.03	0.01	0.40
2003	1.49	6.47	0.38	2.94	0.02	0.40
2004	1.51	6.51	0.38	2.87	0.03	0.36
2005	1.50	6.64	0.51	2.82	0.03	0.35
2006	1.45	6.53	0.49	2.68	0.03	0.40
2007	1.77	5.95	0.43	2.35	0.03	0.40
2008	1.52	5.09	0.37	1.99	0.02	0.30
2009	1.42	4.79	0.35	1.92	0.02	0.29
2010	1.63	5.52	0.40	2.28	0.03	0.40

Source: Salt Lake County

MURRAY CITY CORPORATION  
Schedule 8  
Principal Sales Tax Payers  
Current Year and Nine Years Ago

Taxpayer	2010			2001		
	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	\$ 1,378,237	1	11.21%	\$ -		-----
Clothing Store	564,159	2	4.59%	406,510	5	3.45%
Furniture Store	547,289	3	4.45%	651,938	2	5.53%
Auto Sales	461,287	4	3.75%	-		-----
Electronics Store	339,004	5	2.76%	-		-----
Warehouse Store	328,641	6	2.67%	613,697	3	5.21%
Auto Sales	327,224	7	2.66%	-		-----
Auto Sales	301,090	8	2.45%	218,123	9	1.85%
Auto Sales	289,283	9	2.35%	-		-----
Department Store	269,830	10	2.19%	314,856	7	2.67%
Auto Sales	250,908	11	2.04%	-		-----
Utilities	241,238	12	1.96%	171,811	13	1.46%
Electronics Supplies	214,905	13	1.75%	-		-----
Building Materials	212,921	14	1.73%	-		-----
Auto Sales	208,300	15	1.69%	-		-----
Auto Sales				1,428,247	1	12.12%
Department Store				504,223	4	4.28%
Auto Sales				325,351	6	2.76%
General Merchandise				223,399	8	1.90%
Food Retailer				210,738	10	1.79%
Auto Sales				201,509	11	1.71%
Auto Sales				195,682	12	1.66%
Electronics Store				155,518	14	1.32%
Auto Sales				141,005	15	1.20%
Total	<u>\$ 5,934,316</u>		<u>48.27%</u>	<u>\$ 5,762,607</u>		<u>48.92%</u>

Source: Utah State Tax Commission

Note: The detail to match current year auto sales to auto sales from nine years ago was unavailable.

MURRAY CITY CORPORATION  
Schedule 9  
Property Tax Levies and Collections  
Last Ten Fiscal Years

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2001	\$ 2,803,216	\$ 2,720,974	97.07%	\$ 68,077	\$ 2,789,051	99.49%
2002	3,339,529	3,236,133	96.90%	56,414	3,292,547	98.59%
2003	3,370,383	3,266,544	96.92%	82,203	3,348,747	99.36%
2004	4,050,520	3,895,765	96.18%	75,424	3,971,189	98.04%
2005	4,213,642	4,131,312	98.05%	122,950	1,254,262	100.96%
2006	4,252,740	4,125,737	97.01%	111,516	4,237,253	99.64%
2007	5,961,277	5,803,417	97.35%	88,346	5,891,763	98.83%
2008	5,680,958	5,382,672	94.75%	88,937	5,471,609	96.31%
2009	5,979,944	5,764,695	96.40%	93,451	5,858,146	97.96%
2010	5,863,420	5,669,616	96.69%	138,302	5,807,918	99.05%

Source: Salt Lake County Treasurer

MURRAY CITY CORPORATION  
Schedule 10  
Ratio of Outstanding Debt by Type  
Last Ten Fiscal Years

Fiscal Year Ending June 30	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2001	\$ 5,731,000	\$ -	\$ 20,000,000	\$ -	\$ 25,731,000	1.95%	\$ 565
2002	16,590,000	-	19,430,000	126,000	36,146,000	2.72%	798
2003	16,005,000	-	18,755,000	98,000	34,858,000	2.62%	781
2004	18,070,000	-	26,555,000	387,000	45,012,000	3.22%	1,010
2005	16,810,000	713,000	34,820,000	290,000	52,633,000	3.59%	1,184
2006	15,510,000	543,000	33,450,000	200,000	49,703,000	3.27%	1,121
2007	13,115,000	550,159	32,505,000	639,562	46,809,721	2.71%	1,044
2008	11,810,000	372,998	31,005,000	420,924	43,608,922	2.73%	954
2009	14,865,000	1,746,581	29,420,000	531,008	46,652,589	2.80%	1,010
2010	13,305,000	1,448,203	27,765,000	378,420	42,896,623	3.55%	932

MURRAY CITY CORPORATION  
Schedule 11  
Direct and Overlapping Governmental Activities Debt  
As of June 30, 2010

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$ 21,000,000	100.00%	\$ 21,000,000
Salt Lake County General Obligation Debt	259,500,000	4.45%	11,547,750
Other debt			
Salt Lake County Sales Tax Bonds	76,700,000	4.45%	3,413,150
Salt Lake County Lease Revenue Bonds	109,000,000	4.45%	4,850,500
Salt Lake County Capital Leases	1,000,000	4.45%	44,500
Salt Lake County Special Assessment Bonds	3,700,000	4.45%	164,650
Salt Lake County Notes Payable	8,100,000	4.45%	360,450
Subtotal, overlapping debt			<u>41,381,000</u>
Murray City direct debt			<u>14,753,203</u>
Total direct and overlapping debt			<u><u>\$ 56,134,203</u></u>

Source: Debt outstanding data obtained from Salt Lake County Auditor.

(1) The percentage of overlapping debt is based upon population.

(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.

MURRAY CITY CORPORATION  
Schedule 12  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(in thousands of dollars)

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt limit	\$ 196,800	\$ 225,600	\$ 229,600	\$ 286,240	\$ 297,600	\$ 309,040	\$ 353,600	\$ 418,000	\$ 486,000	\$ 431,040
Total net debt applicable to limit	18,366	19,661	18,977	29,739	39,085	48,960	45,620	42,815	44,285	41,070
Legal debt margin	<u>\$ 178,434</u>	<u>\$ 205,939</u>	<u>\$ 210,623</u>	<u>\$ 256,501</u>	<u>\$ 258,515</u>	<u>\$ 260,080</u>	<u>\$ 307,980</u>	<u>\$ 375,185</u>	<u>\$ 441,715</u>	<u>\$ 389,970</u>
Total net debt applicable to the limit as a percentage of debt limit	9.33%	8.71%	8.27%	10.39%	13.13%	15.84%	12.90%	10.24%	9.11%	9.53%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Total reasonable fair cash value	<u>\$5,388,000</u>
Debt limit (8% of fair cash value)	431,040
Debt applicable to debt limit	41,070
Legal debt margin	<u><u>\$ 389,970</u></u>

Note: The bonded debt of the City is limited by statute to 8% of the "reasonable fair cash value" of property.

MURRAY CITY CORPORATION  
Schedule 13  
Pledged Revenue Coverage  
Last Ten Fiscal Years

**2001, 2004, 2006 Electric Revenue Bonds**

Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
2001	\$ 23,453,257	\$ 24,170,134	\$ (716,877)	\$ -	\$ 366,063	(1.96)
2002	29,865,308	32,086,704	(2,221,396)	570,000	1,073,620	(1.35)
2003	32,505,637	25,863,361	6,642,276	675,000	958,300	4.07
2004	29,174,680	25,364,029	3,810,651	700,000	931,300	2.34
2005	29,276,312	25,246,377	4,029,935	730,000	1,138,221	2.16
2006	32,957,429	27,534,067	5,423,362	1,060,000	1,276,823	2.32
2007	33,905,131	28,952,452	4,952,679	1,115,000	1,147,010	2.19
2008	34,091,482	30,928,405	3,163,077	1,175,000	1,207,253	1.33
2009	35,876,773	30,789,288	5,087,485	1,255,000	1,057,379	2.20
2010	33,372,210	27,194,578	6,177,632	1,360,000	946,684	2.68

**2003 Water and Sewer Revenue Bonds**

2004	\$ 7,904,276	\$ 4,865,702	\$ 3,038,574	\$ -	\$ 161,331	18.83
2005	9,075,720	4,799,802	4,275,918	305,000	346,825	6.56
2006	8,645,714	5,112,252	3,533,462	310,000	340,675	5.43
2007	9,565,796	5,363,965	4,201,831	315,000	345,122	6.37
2008	9,683,420	4,836,573	4,846,847	325,000	327,619	7.43
2009	9,263,744	5,980,985	3,282,759	330,000	319,425	5.05
2010	8,235,529	7,076,036	1,159,493	350,000	299,000	1.79

Note: Details regarding City's outstanding debt can be found in the notes to the financial statements.

(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.

MURRAY CITY CORPORATION  
 Schedule 14  
 Demographic and Economic Statistics  
 Last Ten Calendar Years

Year	Population(1)	Personal Income	Per Capita Personal Income(2)	Unemployment Rate(3)
2001	45,391	\$ 1,256,150,534	\$ 27,674	3.0%
2002	45,565	1,317,511,975	28,915	4.3%
2003	45,315	1,329,949,935	29,349	6.3%
2004	44,621	1,331,401,398	29,838	5.7%
2005	44,555	1,397,467,575	31,365	4.8%
2006	44,453	1,466,193,299	32,983	4.7%
2007	44,844	1,728,467,186	38,544	2.4%
2008	45,732	1,598,379,132	34,951	3.4%
2009	46,201	1,663,605,608	36,008	5.7%
2010	46,010	1,209,050,780	26,278	6.3%

(1) United States Census Bureau for Murray City.

(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.

MURRAY CITY CORPORATION  
Schedule 15  
Principal Employers  
As of June 30, 2010

Employer	Industry Type	Employees	Rank
Intermountain Medical Center	Health care	4463	1
Murray City Corporation	City government	919	2
Murray City School District	Public education	840	3
SelectHealth	Health care	800	4
3M Health Information Systems	Data processing services	377	5
IHC Health Services	Health care	347	6
Costco Wholesale Corp	Retailer	311	7
Nordstrom, Inc	Retailer	282	8
Intermountain Healthcare	Health care	280	9
Sorenson Bio Science	Manufacturer of Plastic Products	250	10

Note: Principal employers for prior years is not available.

MURRAY CITY CORP  
Schedule 16  
Full Time Equivalent City Government Employees by Function  
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Full Time Equivalent Employees as of June 30</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	58	62	66	66	68	66	65	59	59	79
Police										
Officers	67	67	70	72	75	75	78	78	75	77
Civilians	17	17	17	17	17	17	17	17	18	14
Fire										
Firefighters	50	50	50	50	50	50	52	52	59	61
Civilians	1	2	2	2	2	2	2	2	3	2
Highways & Public Improvements	36	38	38	40	40	42	36	35	35	18
Parks & Recreation	31	31	34	34	34	34	34	34	34	33
Library	10	10	10	10	10	10	10	9	9	12
Community & Economic Development	6	6	6	6	5	5	5	4	4	5
Fleet	7	6	6	6	5	5	4	4	4	4
Power	62	59	55	56	54	54	54	54	55	55
Water	16	16	17	16	16	16	16	16	16	17
Wastewater	10	10	9	10	10	9	9	8	9	9
Golf Course	10	9	9	9	9	9	9	8	8	10
Storm Water	0	0	0	0	0	0	6	6	7	6
Metro Narcotics Task Force	4	4	4	4	4	4	4	3	3	3
<b>Total Full Time Equivalent Employees</b>	<b>385</b>	<b>387</b>	<b>393</b>	<b>398</b>	<b>399</b>	<b>398</b>	<b>401</b>	<b>389</b>	<b>398</b>	<b>405</b>
Seasonal Employees	326	393	503	555	574	543	575	560	579	514
<b>Total Employees</b>	<b>711</b>	<b>780</b>	<b>896</b>	<b>953</b>	<b>973</b>	<b>941</b>	<b>976</b>	<b>949</b>	<b>977</b>	<b>919</b>

MURRAY CITY CORPORATION  
Schedule 17  
Operating Indicators by Function  
Last Ten Fiscal Years

<u>Function/Program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Physical arrests	3,497	3,654	3,528	4,318	4,563	4,260	2,549	2,194	2,588	2,735
Traffic citations	-	-	7,746	11,429	13,588	11,959	6,935	6,666	8,141	8,057
<b>Fire</b>										
Fire calls	1,113	1,148	1,163	1,030	1,086	1,261	1,252	1,261	1,496	1,306
Medical calls	2,991	3,489	3,473	3,141	3,490	3,456	3,687	3,962	3,741	3,801
Inspections	987	1,144	1,310	1,266	1,132	1,176	1,200	1,261	794	1,309
<b>Parks &amp; recreation</b>										
Park center admissions	-	2,522	18,539	30,317	32,074	34,000	33,257	43,272	34,000	46,744
Recreation participants	11,436	12,100	13,653	14,873	15,581	15,320	15,484	16,447	17,779	15,402
<b>Library</b>										
Volumes in collection	84,344	81,715	82,335	82,602	81,643	85,861	84,236	86,723	90,627	86,892
Total volumes borrowed	265,084	294,418	307,901	340,622	352,306	339,282	365,855	406,842	418,169	524,179
<b>Water</b>										
Customers	9,074	9,229	9,310	9,356	9,304	9,456	9,490	9,825	9,890	9,932
Annual consumption (in millions of gallons)	2,974	2,836	2,729	2,711	3,234	2,750	3,865	3,344	3,784	2,519
<b>Sewer</b>										
Customers	8,598	8,627	8,722	8,784	8,817	8,953	8,966	8,977	9,151	9,181
<b>Power</b>										
Customers	15,904	15,938	15,999	16,087	16,112	16,269	16,500	16,546	16,637	13,574
Peak demand (KW)	89,040	89,980	93,150	98,300	93,310	98,560	98,246	107,110	98,327	97,000
Internal generation (MWH)	14,616	93,876	50,014	42,411	25,729	27,655	53,055	62,038	21,261	23,031
Purchased power (MWH)	368,396	305,859	331,056	397,312	369,312	383,825	361,917	449,567	448,487	412,385

MURRAY CITY CORPORATION  
Schedule 18  
Capital Asset Statistics by Function  
Last Ten Fiscal Years

<u>Function/Program</u>	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<b>Police</b>										
Stations	1	1	1	1	1	1	1	1	2	2
Patrol units	36	36	36	38	38	38	40	41	42	41
Fire stations	3	3	3	3	3	3	3	3	4	4
<b>Public works</b>										
Streets(miles)	136	136	142	142	143	143	144	144	144	144
Streetlights	2370	2385	2409	2454	2458	2489	2584	2505	2610	2574
<b>Parks &amp; recreation</b>										
Acreage	149	149	259	259	259	259	259	259	252	252
Parks	9	10	10	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	0	0	1	1	1	1	1	1	1	1
<b>Water</b>										
Water mains(miles)	174	176	176	177	178	178	179	183	185	185
<b>Wastewater</b>										
Sanitary sewers(miles)	113	121	122	124	125	125	125	124	128	128
<b>Power</b>										
Generators	3	4	4	4	4	4	4	5	5	5
Substations	4	4	4	4	4	4	5	5	6	6

COMPLIANCE SECTION

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE AND OTHER MATTERS AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF BASIC FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the basic financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted immaterial instances of noncompliance that are described in the accompanying schedule of findings.

We noted other matters involving the internal control and its operation that we reported to management of the City in a separate letter dated December 3, 2010.

The City's response to our findings identified in our audit are described in the accompanying schedule of findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 3, 2010

# Hansen, Bradshaw, Malmrose & Erickson

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

### Compliance

We have audited the compliance of the Murray City Corporation, Utah (the City), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the City's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Murray City Corporation, Utah's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the City Council and others within the organization and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 3, 2010

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2010**

<b>Federal Grantor / Pass-Through Grantor Program Title</b>	<b>Federal CFDA #</b>	<b>Federal Award / Contract #</b>	<b>Federal Expenditures</b>
<u>U.S. Department of Housing and Urban Development</u>			
Community Development Block Grant (CDBG)	14.218	BV03554C	\$ 102,399
Total Department of Housing and Urban Development			<u>102,399</u>
<u>U.S. Department of Energy</u>			
<b>Energy Efficiency &amp; Conservation Block Grant (EECBG) - ARRA</b>	<b>81.128</b>	<b>DE-RW0000098</b>	<b><u>209,500</u></b>
Total Department of Energy			<u>209,500</u>
<u>U.S. Department of Justice</u>			
Justice Assistance Grant (JAG)	16.738	2009-SB-B9-1411.005	44,932
<b>Justice Assistance Grant (JAG) - ARRA</b>	<b>16.804</b>	<b>2009-SB-B9-1411.006</b>	<b>185,556</b>
Bulletproof Vest Partnership Program	16.607		4,777
Victims of Crime Act Grant (VOCA)	16.575	2009-VOCA-34	<u>38,912</u>
Total Department of Justice			<u>274,177</u>
<u>U.S. Department of Homeland Security</u>			
Emergency Management Performance Grant	97.042		9,250
Homeland Security Grant Program	97.067	S.H.S.P.	<u>23,084</u>
Total Department of Homeland Security			<u>32,334</u>
<u>Department of Agriculture</u>			
Wildlife Habitat Incentive Program	10.914	WHIP-728D43070L2	<u>1,402</u>
Total Department of Agriculture			<u>1,402</u>
Total Expenditures of Federal Awards			<u><u>\$ 619,812</u></u>

**MURRAY CITY CORPORATION, UTAH**  
**Notes to Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

The following are the notes to the supplementary schedule of expenditures of federal awards:

- **General** - The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs of the Murray City Corporation, Utah (the City). The City is defined in note 1 to the basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule.
- **Basis of Accounting** - The accompanying Schedule of Expenditures of Federal Awards is presented using the modified-accrual basis of accounting for expenditures in governmental fund types, which is described in note 1 to the City's basic financial statements.
- **Relationship to Basic Financial Statements** - Federal financial assistance expenditures can not be directly reconciled to the basic financial statements. Intergovernmental revenues include federal revenues for governmental fund types.

**MURRAY CITY CORPORATION, UTAH**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2010**

**A. SUMMARY OF AUDITORS' RESULTS**

Type of report issued on the financial statements:	An unqualified opinion was issued on the financial statements of the City.
Reportable conditions in internal control:	None
Noncompliance:	No instances of noncompliance were found which were material to the financial statements of the City.
Type of report issued on compliance for major programs.	An unqualified opinion was issued on compliance for the major program.
Audit findings:	There are no audit findings required to be reported under OMB Circular A-133 or Government Auditing Standards.
Major Programs:	Major programs include:  Energy Efficiency and Conservation Block Grant (EECBG) - ARRA CFDA #81.128  Justice Assistance Grant (JAG) - ARRA CFDA #16.804
Dollar threshold - type A and type B programs:	\$300,000
Qualification of auditee:	The City qualified as a low-risk auditee under OMB Circular A-133.

**B. FINDINGS RELATING TO FINANCIAL STATEMENTS**

No findings or questioned costs are required to be reported under Government Auditing Standards.

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

No findings or questioned costs related to federal awards which are required to be reported under OMB Circular A-133 were noted during the audit.

# Hansen, Bradshaw, Malmrose & Erickson

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## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON STATE OF UTAH STATE LEGAL COMPLIANCE BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the basic financial statements of Murray City Corporation, Utah (the City) for the year ended June 30, 2010, and have issued our report thereon dated December 3, 2010. As part of our audit, we have audited the City's compliance with the requirements governing types of services allowed or unallowed; eligibility; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2010. The City received the following major State assistance programs from the State of Utah:

B & C Road Funds (Department of Transportation)  
Liquor Law Enforcement (State Tax Commission)

Our audit also included testwork on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

Cash Management	B & C Road Funds
Budgetary Compliance	Other Compliance Requirements
Truth in Taxation and Property	Impact Fees
Tax Limitation	Uniform Building Code Standards
Liquor Law Enforcement	Purchasing Requirements
Public Debt	Utah Retirement Systems
Asset Forfeiture	

The management of the City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government 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 material

noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

Our audit does not provide a legal determination on the City's compliance with these requirements.

The results of our audit procedures disclosed immaterial instances of noncompliance with the requirements referred to above, which are described in the accompanying schedule of findings. We considered these instances of noncompliance in forming our opinion on compliance, which is expressed in the following paragraph.

In our opinion, Murray City Corporation, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or unallowed; matching, level of effort, or earmarking; eligibility; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2010.

The City's written response to the findings identified in our audit is described in the accompanying Schedule of Findings. We did not audit the City's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management of the City and is not intended to be and should not be used by anyone other than these specified parties. However, the report is a matter of public record and its distribution is not limited.

*Hansen, Bradshaw, Malmrose & Erickson, P.C.*

December 3, 2010

**MURRAY CITY CORPORATION**  
**Schedule of Findings**  
**Year Ended June 30, 2010**

State Legal Compliance Findings

Requirement/Program

Current Year Findings

1. Deficit Fund Balance

Finding: Under State law, deficit fund balances in any fund are illegal. We noted a deficit fund balance in the Library Fund of \$115,761 as of June 30, 2010. This deficit resulted in the City's noncompliance with State of Utah fund balance requirements.

Recommendation: We recommend management review the budget of this fund and take appropriate action to eliminate this deficit fund balance in accordance with State of Utah legal compliance guidelines.

Management's Response: Management of the Library Fund will be encouraged to make appropriate revenue and expenditure adjustments in the next few years to eliminate this deficit fund balance.

Requirement/Program

Current Year Findings

2. Budgetary Compliance

Finding: In accordance with State law, officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department. For the year ended June 30, 2010, expenditures exceeded budget amounts in the following department:

<u>Fund</u>	<u>Department</u>	<u>Amount Over Budget</u>
General	Other financing use - pledge payment	\$570,615

Recommendation: The City should monitor the status over expenditures as compared to budget through the year, and amend the budget as necessary.

Management's Response: This resulted from withdrawals made from a reserve fund the City had deposited and pledged towards bonds issued by the Utah Telecommunications Open Infrastructure Agency (UTOPIA). It didn't become apparent to staff, until after the fiscal year and ended, the withdrawal would be recorded as an expenditure and that a budget amendment was required. This will be handled correctly in the future.

**MURRAY CITY CORPORATION**  
**Management Letter Comments**  
**Year Ended June 30, 2010**

Other Matters Involving Internal Control - Financial Statement Audit

Requirement/Program

Current Year Findings

1. Approval of Timesheets  
by Managers

Finding: Our audit procedures included testing the payroll system controls. We noted in 8 of 40 individual timesheets reviewed that an employee's supervisor or manager approval was missing. The failure to properly approve a timesheet could result in misappropriation of funds or misreporting of expenses. The documented approval by supervisors is the key control to ensure that reported hours were properly worked and coded. We did not note any error in the amounts employees were paid, only that their timesheets contained no authorized approval for the hours worked.

Recommendation: We recommend that all timesheets be properly approved by the employee and their supervisor or manager to indicate that the hours reported is accurate and correctly coded. We recommend that payroll processors ensure this approval is documented before processing the payroll.

Management's Response: The City's payroll processing is highly de-centralized. It is payroll management's intent to provide additional training to all payroll processors concerning proper payroll processing procedures. This training will include emphasis on the necessity to insure that all time sheets are properly signed by the employee as well as the employee's supervisor.

CONTINUING DISCLOSURE SECTION

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah**  
**Fiscal Year Ending June 30, 2010**

**Disclosure References**

Debt Structure of Murray City

Outstanding Municipal Debt of the City  
See Note 4 in Notes to Financial Statements in this Report.

Financial Information Regarding Murray City

Certain Property Tax Matters-Historical City Tax Rates  
See Schedule 7 in the Statistical Section of this Report.

Certain Property Tax Matters-Taxable and Estimated Market Value of Property  
See Schedule 6 in the Statistical Section of this Report.

Certain Property Tax Matters-Tax Collection Record  
See Schedule 9 in the Statistical Section of this Report.

Five Year Financial Summary-See Table 2 of Sales Tax Bonds Continuing Disclosure.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Sales Tax Bonds-Series 2007 and 2009**  
**Fiscal Year Ending June 30, 2010**

**Table 1A**  
**Sources of General Fund Revenue**

Set forth below are brief descriptions of the various sources of revenue available to the City's general fund. The percentage of total general fund revenues represented by each source is based on the City's audited financial statements for the year ending June 30, 2010.

- Taxes-Approximately 67% of the general fund's revenues are from taxes (approximately 52% from sales and use taxes; approximately 27% from general property taxes; approximately 21% from franchise taxes.)
- Fines and Forfeitures-Approximately 5% of the general fund revenues are collected from fines and forfeitures.
- Charges for Services-Approximately 16% of general fund revenues are from charges for services
- Intergovernmental Revenues-Approximately 7% of general fund revenues are from state and federal grants and shared revenues.
- Licenses and Permits-Approximately 3% of general fund revenues are from licenses and permits.
- Interest-Approximately 1% of general fund revenues are from interest income.
- Miscellaneous Revenue-Approximately 1% of general fund revenues are from miscellaneous revenues.

**Table 1B**  
**Pledged Sales and Use Taxes**

<u>Fiscal Year</u>	<u>Pledged Sales and Use Taxes</u>	<u>Percent Change From Prior Year</u>
2010	\$12,293,016	0.36%
2009	\$12,249,134	-12.14%
2008	\$13,941,921	-0.42%
2007	\$14,001,006	2.60%
2006	\$13,646,750	10.44%
2005	\$12,356,922	4.09%
2004	\$11,871,387	7.02%
2003	\$11,092,873	-6.44%
2002	\$11,856,499	0.65%
2001	\$11,779,998	-0.53%

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Sales Tax Bonds Series 2007 and 2009**  
**Fiscal Year Ending June 30, 2010**

**Table 2**  
**Murray City General Fund**  
**Balance Sheet**  
(Unaudited)

	2006	2007	2008	2009	2010
<b>Assets</b>					
Cash & equivalents	\$ 9,198,556	\$ 9,299,325	\$ 6,801,199	\$ 4,412,960	\$ 7,885,106
Investments	1,000,000	1,998,524	-	3,012,790	1,014,860
Special assessments	1,753	652	50,596	300	240
Other	437,351	193,515	427,895	801,284	1,168,486
Property taxes receivable	5,278,000	5,380,000	5,567,645	5,964,079	5,990,617
Due from other funds	465,803	110,000	863,500	801,275	800,383
Due from other governments	2,663,144	2,893,498	3,026,978	2,461,928	2,459,842
Notes receivable	2,230,331	2,104,397	1,966,650	1,815,981	1,651,178
Restricted cash & equivalents	-	-	1,235,039	1,262,634	449,117
<b>Total assets</b>	<b>\$21,274,938</b>	<b>\$21,979,911</b>	<b>\$19,939,502</b>	<b>\$20,533,231</b>	<b>\$21,419,829</b>
<b>Liabilities</b>					
Accounts payable	\$ 1,982,751	\$ 589,707	\$ 672,000	\$ 1,343,463	\$ 2,059,609
Accrued liabilities	1,168,659	1,202,727	1,333,533	413,286	706,604
Due to other funds	17,851	-	-	-	-
Deposits	12,699	12,699	-	-	-
Deferred revenue	9,031,908	9,018,108	8,936,441	9,257,636	9,641,798
Compensated absences	-	-	-	-	-
<b>Total liabilities</b>	<b>12,213,868</b>	<b>10,823,241</b>	<b>10,941,974</b>	<b>11,014,385</b>	<b>12,408,011</b>
<b>Fund balance</b>					
<b>Reserved</b>					
For capital projects	-	1,830,000	1,800,000	1,000,000	-
For class C roads	50,000	-	-	-	-
For UTOPIA	1,230,000	1,235,039	1,235,039	1,458,687	1,489,725
<b>Unreserved</b>					
Undesignated	7,781,070	8,091,631	5,962,489	7,060,159	7,522,093
<b>Total fund balance</b>	<b>9,061,070</b>	<b>11,156,670</b>	<b>8,997,528</b>	<b>9,518,846</b>	<b>9,011,818</b>
<b>Total liabilities &amp; fund balance</b>	<b>\$21,274,938</b>	<b>\$21,979,911</b>	<b>\$19,939,502</b>	<b>\$20,533,231</b>	<b>\$21,419,829</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Sales Tax Bonds Series 2007 and 2009**  
**Fiscal Year Ending June 30, 2010**

**Table 2a**  
**Murray City General Fund**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**(Unaudited)**

	2006	2007	2008	2009	2010
<b>Revenues</b>					
Taxes & special assessments	\$ 22,895,306	\$ 25,282,472	\$ 25,546,217	\$ 23,854,234	\$ 23,879,149
Licenses & permits	1,448,991	1,659,527	1,629,110	1,236,050	1,180,204
Intergovernmental	1,858,507	2,056,411	1,904,565	1,511,544	2,434,139
Charges for services	1,915,910	2,036,672	1,973,117	5,526,989	5,375,256
Fines & forfeitures	2,263,787	2,442,382	1,986,474	1,738,301	1,742,400
Interest	634,973	859,734	672,890	354,358	515,448
Miscellaneous	197,411	320,532	254,630	1,174,019	340,561
<b>Total revenue</b>	<b>\$ 31,214,885</b>	<b>\$ 34,657,730</b>	<b>\$ 33,967,003</b>	<b>\$ 35,395,495</b>	<b>\$ 35,467,157</b>
<b>Expenditures</b>					
General government	\$ 5,104,793	\$ 5,406,712	\$ 5,494,900	\$ 8,200,483	\$ 7,986,814
Public safety	14,623,999	16,165,371	16,560,749	18,838,530	17,404,283
Highways & public improvements	5,733,760	4,556,938	3,587,048	3,948,158	5,924,253
Parks & recreation	5,620,872	6,003,531	5,962,693	5,664,749	5,273,121
Debt service					
Principal	355,000	555,000	1,232,714	1,723,315	2,065,827
Interest & administrative charges	53,069	42,125	409,202	478,871	637,503
Bond issuance costs	-	158,837	-	-	-
<b>Total expenditures</b>	<b>31,491,493</b>	<b>32,888,514</b>	<b>33,247,306</b>	<b>38,854,106</b>	<b>39,291,801</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>(276,608)</b>	<b>1,769,216</b>	<b>719,697</b>	<b>(3,458,611)</b>	<b>(3,824,644)</b>
<b>Other financing sources (uses)</b>					
Operating transfers in	1,575,807	2,834,518	2,872,704	3,378,330	3,943,977
Operating transfers out	(512,000)	(2,797,030)	(5,936,000)	(1,165,000)	(237,000)
Capital leases	-	-	-	-	207,451
Pledge payment-interlocal guarantee	-	-	-	-	(820,615)
Sale of fixed assets	115,434	130,059	184,457	209,702	223,803
Bond or capital lease proceeds	180,016	10,155,874	-	1,556,897	-
Payments to refunded bond escrow	-	(9,997,037)	-	-	-
<b>Net other financing sources (uses)</b>	<b>1,359,257</b>	<b>326,384</b>	<b>(2,878,839)</b>	<b>3,979,929</b>	<b>3,317,616</b>
<b>Net change in fund balance</b>	<b>1,082,649</b>	<b>2,095,600</b>	<b>(2,159,142)</b>	<b>521,318</b>	<b>(507,028)</b>
<b>Fund balance at beginning of year</b>	<b>7,978,421</b>	<b>9,061,070</b>	<b>11,156,670</b>	<b>8,997,528</b>	<b>9,518,846</b>
<b>Fund balance at end of year</b>	<b>\$ 9,061,070</b>	<b>\$ 11,156,670</b>	<b>\$ 8,997,528</b>	<b>\$ 9,518,846</b>	<b>\$ 9,011,818</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004, and 2006**  
**Fiscal Year Ending June 30, 2010**

**Table 1**  
**Power Rates**

Rates fixed and charged for the energy distributed by Murray City Power are recommended by the Power Advisory Board and established by ordinance by the Mayor and City Council. Rates for electric service to customers of Murray City Power are not subject to approval of any Utah or federal regulatory body.

The unit costs and average monthly billings for most residential and commercial customers under current rates are as follows:

**Residential**

Customer Charge:	Per meter, per billing period	\$3.16
Energy Charge:	Peak Season (April through September)	
	First 600 KWH, per KWH:	\$0.0811
	All additional KWH, per KWH:	\$0.0908
	Off Peak Season (October through March)	
	All KWH, per KWH:	\$0.0811

**Residential-All Electric**

Customer Charge:	Per meter, per billing period	\$3.16
Energy Charge:	Peak Season (April through September)	
	First 600 KWH, per KWH:	\$0.0756
	All additional KWH, per KWH:	\$0.0847
	Off Peak Season (October through March)	
	First 400 KWH, per KWH:	\$0.0709
	All additional KWH, per KWH:	\$0.0525

**Commercial-General Service Small**

Customer Charge:	Per meter, per billing period	\$7.91
Energy Charge:	First 1500 KWH, per KWH:	\$0.0872
	All additional KWH, per KWH:	\$0.0441
Demand Charge:	Peak Season (April through September)	
	All KW above 5 KW, per KW:	\$11.78
	Off Peak Season (October through March)	
	All KW above 5 KW, per KW:	\$10.37

**Commercial-General Service Large**

Customer Charge:	Per meter, per billing period	\$19.79
Energy Charge:	All KWH, per KWH:	\$0.0411
Demand Charge:	Peak Season (April through September)	
	All KW, per KW:	\$12.41
	Off Peak Season (October through March)	
	All KW, per KW:	\$10.91

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004, and 2006**  
**Fiscal Year Ending June 30, 2010**

**Table 1 Continued**

**Average Monthly Bill and Consumption**

	<u>Summer Bill</u>	<u>Summer KWH</u>	<u>Winter Bill</u>	<u>Winter KWH</u>
Residential	\$63.44	715	\$56.47	643
Residential-All Electric	\$61.44	749	\$72.92	1,128
Commercial-General Service Small	\$153.20	1,571	\$140.07	1,477
Commercial-General Service Large	\$3,087.90	4,128	\$2,719.03	37,391

Bills for electric service are prepared and mailed by the City administration on a monthly basis. Second and third notices of non-payment are given 50 and 58 days, respectively, after the date of the initial bill. Electric service is terminated between 60 and 76 days after the date of the initial bill.

**MURRAY CITY CORPORATION**  
**Fiscal Year Ending June 30, 2010**  
**Ten Largest Power Customers**

**Table 2**

Name	Type of Business	KWH	Percent of City's Total KWH
IMC & IHC	Health Care	52,557,362	6.32%
Fashion Place Mall	Retail Sales	10,745,600	1.29%
Murray City	Government	10,612,183	1.27%
Multi Technology	Manufacturing	7,897,744	0.95%
Murray School District	Public Education	5,315,981	0.64%
Cookietree	Bakery	4,434,960	0.54%
Costco	Retail Sales	4,384,941	0.52%
UTA	Transportation	3,805,240	0.46%
Sam's Club	Retail Sales	3,485,224	0.42%
US West	Communications	3,210,716	0.39%
<b>Totals</b>		<b>106,449,951</b>	<b>12.80%</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004, and 2006**  
**Fiscal Year Ending June 30, 2010**

**Table 3**  
**Power Department Annual Operating Statistics**

	2006	2007	2008	2009	2010
<b>Electric revenues by class</b>					
Residential	\$ 8,758,130	\$ 8,995,450	\$ 9,383,050	\$ 9,923,204	\$ 9,923,385
Commercial & industrial	18,798,937	21,219,725	20,897,900	22,256,485	21,509,040
Other	739,225	743,341	557,471	822,464	579,989
<b>Total revenues</b>	<b>\$28,296,292</b>	<b>\$30,958,516</b>	<b>\$30,838,421</b>	<b>\$33,002,153</b>	<b>\$32,012,414</b>
<b>Number of metered customers</b>					
Residential	13,253	13,405	13,434	13,546	13,574
Commercial and industrial	2,857	2,936	2,951	2,923	2,930
Other	159	159	161	169	167
<b>Total metered customers</b>	<b>16,269</b>	<b>16,500</b>	<b>16,546</b>	<b>16,638</b>	<b>16,671</b>
<b>Peak demand (KW)</b>	<b>98,560</b>	<b>98,700</b>	<b>107,106</b>	<b>98,327</b>	<b>97,000</b>
<b>Energy generated &amp; purchased (MWh)</b>					
Total System generation	27,655	53,055	37,708	21,261	23,031
Purchased power	383,825	361,917	449,567	448,487	412,385
<b>Total energy available</b>	<b>411,480</b>	<b>414,972</b>	<b>487,275</b>	<b>469,748</b>	<b>435,416</b>
<b>Losses and system use (MWh)</b>	<b>22,897</b>	<b>9,257</b>	<b>42,598</b>	<b>13,717</b>	<b>18,417</b>
<b>Energy sales (MWh)</b>	<b>388,583</b>	<b>405,715</b>	<b>444,677</b>	<b>433,044</b>	<b>414,795</b>
<b>Electric energy sales (MWh)</b>					
Residential	113,730	117,581	121,942	118,013	115,896
Commercial & industrial	263,954	277,203	311,228	303,492	288,141
Other	10,899	10,931	11,507	11,539	10,758
<b>Total energy sales (MWh)</b>	<b>388,583</b>	<b>405,715</b>	<b>444,677</b>	<b>433,044</b>	<b>414,795</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004, and 2006**  
**Fiscal Year Ending June 30, 2010**

**Table 4**  
**Power Historical Operating Results (1)**

	2006	2007	2008	2009	2010
Operating revenues:					
Energy sales revenues	\$ 28,354,736	\$ 30,958,516	\$ 31,662,362	\$ 34,463,816	\$ 31,767,339
Miscellaneous	1,277,487	2,122,246	1,173,680	901,757	792,027
Total operating revenues	29,632,223	33,080,762	32,836,042	35,365,573	32,559,366
Operating expenses:					
Cost of power	18,724,219	18,668,931	20,805,863	20,378,400	19,877,250
Operations & maintenance(2)	8,808,848	10,283,521	10,122,542	9,155,882	7,362,323
Total operating expenses	27,533,067	28,952,452	30,928,405	29,534,282	27,239,573
Net operating income	2,099,156	4,128,310	1,907,637	5,831,291	5,319,793
Other income and expense (net)	3,325,206	821,369	1,255,440	497,199	785,635
Balance available for debt service	5,424,362	4,949,679	3,163,077	6,328,490	6,105,428
Debt service on bonds	2,336,823	2,262,010	2,278,151	2,274,191	2,306,684
Balance remaining after debt service	\$ 3,087,539	\$ 2,687,669	\$ 884,926	\$ 4,054,299	\$ 3,798,744
Debt service coverage ratio	2.32	2.19	1.39	2.78	2.65

(1) Historical data taken from the audited financial statements of the Power Fund.

(2) Excludes depreciation, amortization, in lieu of tax transfers and gain or loss on sale of assets.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Electric Revenue Bonds-Series 2001, 2004, and 2006**  
**Fiscal Year Ending June 30, 2010**

**Table 4A**  
**Power Fund Projected Operating Results (1)**

	2011	2012	2013	2014	2015
Operating revenues:					
Energy sales revenues	\$ 38,856,000	\$ 39,473,000	\$ 40,993,000	\$ 41,812,860	\$ 41,854,673
Miscellaneous	1,037,000	1,037,000	1,040,000	1,060,800	1,061,860
<b>Total operating revenues</b>	<b>39,893,000</b>	<b>40,510,000</b>	<b>42,033,000</b>	<b>42,873,660</b>	<b>42,916,533</b>
Operating expenses:					
Cost of power	23,416,000	25,097,000	25,467,700	25,997,054	26,023,051
Operations & maintenance(2)	8,530,000	8,701,000	8,875,000	9,141,250	9,150,391
<b>Total operating expenses</b>	<b>31,946,000</b>	<b>33,798,000</b>	<b>34,342,700</b>	<b>35,138,304</b>	<b>35,173,442</b>
<b>Net operating income</b>	<b>7,947,000</b>	<b>6,712,000</b>	<b>7,690,300</b>	<b>7,735,356</b>	<b>7,743,091</b>
<b>Other income and expense</b>	<b>680,000</b>	<b>680,000</b>	<b>730,000</b>	<b>744,600</b>	<b>745,344</b>
<b>Balance available for debt service</b>	<b>8,627,000</b>	<b>7,392,000</b>	<b>8,420,300</b>	<b>8,479,956</b>	<b>8,488,435</b>
<b>Debt service on bonds</b>	<b>2,306,000</b>	<b>2,301,000</b>	<b>2,295,000</b>	<b>2,301,074</b>	<b>2,325,179</b>
<b>Balance remaining after debt service</b>	<b>\$ 6,321,000</b>	<b>\$ 5,091,000</b>	<b>\$ 6,125,300</b>	<b>\$ 6,178,882</b>	<b>\$ 6,163,256</b>
<b>Debt service coverage ratio</b>	<b>3.74</b>	<b>3.21</b>	<b>3.67</b>	<b>3.69</b>	<b>3.65</b>

(1) Basis of projection for fiscal years 2011 through 2015 utilizes actual data.

(2) Excludes depreciation, amortization, in lieu of tax transfers and gain or loss on sale of assets.

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2010**

**Table 1**  
**Historical Net Revenues and Debt Service Coverage (1)**

	2006	2007	2008	2009	2010
Operating revenues:					
Charges for services	\$ 7,623,055	\$ 8,080,274	\$ 8,284,615	\$ 8,617,204	\$ 8,027,612
Fees	710,462	875,538	1,018,503	11,396	15,046
Other	28,838	7,062	21,805	27,416	53,593
<b>Total operating revenues</b>	<b>8,362,355</b>	<b>8,962,874</b>	<b>9,324,923</b>	<b>8,656,016</b>	<b>8,096,251</b>
Operating expenses:					
Administration & general	1,732,515	1,625,194	1,465,287	1,387,590	856,980
Operations & maintenance(2)	3,379,737	3,738,771	3,371,286	3,821,411	5,793,872
<b>Total operating expenses</b>	<b>5,112,252</b>	<b>5,363,965</b>	<b>4,836,573</b>	<b>5,209,001</b>	<b>6,650,852</b>
Net operating income	3,250,103	3,598,909	4,488,350	3,447,015	1,445,399
Other income and expense	283,359	600,922	358,497	594,750	139,278
Balance available for debt service	3,533,462	4,199,831	4,846,847	4,041,765	1,584,677
Debt service on bonds	650,675	660,122	662,917	649,425	649,000
Balance remaining after debt service	<u>\$ 2,882,787</u>	<u>\$ 3,539,709</u>	<u>\$ 4,183,930</u>	<u>\$ 3,392,340</u>	<u>\$ 935,677</u>
Debt service coverage ratio	5.43	6.36	7.31	6.22	2.44

(1) Data has been taken from audited financial statements of the Water and Sewer Funds.

(2) Excludes depreciation, amortization, in lieu of tax transfers and loss on joint venture.

**MURRAY CITY CORPORATION**  
**Fiscal Year Ending June 30, 2010**  
**Ten Largest Water and Sewer Customers**

**Table 2**

Name	Water Charges	Sewer Charges	Total
Murray City Corporation	\$140,731	\$26,586	\$167,317
Intermountain Medical Center	122,897	148,709	\$271,606
Murray School District	115,140	33,354	\$148,494
Murray UT PM Group	55,041	8,906	\$63,947
Winchester Estates	51,033	30,742	\$81,775
Hunters Woods Apartments	50,270	69,069	\$119,339
Three Fountains Condos	47,483	47,347	\$94,830
Stillwater Apartments	36,141	45,944	\$82,085
Lake Pines Apartments	32,951	26,437	\$59,388
James Pointe Apartments	31,146	32,189	\$63,335

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2010**

**Table 3A**  
**Five Year Financial Summaries of the System**  
**Balance Sheet-Water Enterprise Fund**

	2006	2007	2008	2009	2010
<b>Current Assets:</b>					
Cash & equivalents	\$ 2,709,029	\$ 4,921,635	\$ 6,072,079	\$ 5,971,426	\$ 5,067,475
Receivables, net of allowance	655,891	823,401	744,436	915,523	719,589
Other receivables	6,444	1,020	264	-	-
Due from other funds	-	-	-	1,141,627	271,056
<b>Total current assets</b>	<b>3,371,364</b>	<b>5,746,056</b>	<b>6,816,779</b>	<b>8,028,576</b>	<b>6,058,120</b>
<b>Restricted cash</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Property, plant, &amp; equipment:</b>					
Land	1,714,666	1,714,666	1,714,666	1,719,666	1,719,666
Buildings	904,024	904,024	904,024	904,024	904,024
Improvements other than buildings	19,925,064	20,161,372	20,877,244	21,424,685	21,827,025
Machinery & equipment	2,095,040	2,221,698	2,208,825	2,391,636	2,426,193
Furniture & fixtures	244,515	244,515	244,515	244,514	175,322
Construction in progress	-	260,304	494,688	108,017	223,870
Accumulated depreciation	(9,793,700)	(10,531,291)	(11,272,986)	(12,026,347)	(12,500,271)
<b>Net property plant &amp; equipment</b>	<b>15,089,609</b>	<b>14,975,288</b>	<b>15,170,976</b>	<b>14,766,195</b>	<b>14,775,829</b>
<b>Other assets:</b>					
Unamortized bond issuance costs	20,366	19,168	18,040	16,913	15,785
<b>Total assets</b>	<b>\$ 18,481,339</b>	<b>\$ 20,740,512</b>	<b>\$ 22,005,795</b>	<b>\$ 22,811,684</b>	<b>\$ 20,849,734</b>
<b>Current liabilities:</b>					
Accounts payable	\$ 45,795	\$ 403,497	\$ 24,937	\$ 141,084	\$ 70,499
Accrued liabilities	48,794	42,664	59,162	11,102	18,808
Due to other funds	53,374	960	480	480	480
Accrued interest	52,821	51,835	53,555	49,271	47,675
Compensated absences	-	-	-	88,825	87,346
Long term debt-current portion	197,153	203,412	400,253	212,800	219,059
<b>Total current liabilities</b>	<b>397,937</b>	<b>702,368</b>	<b>538,387</b>	<b>503,562</b>	<b>443,867</b>
<b>Non-current liabilities:</b>					
Deposits	-	-	-	2,700	2,700
Compensated absences	63,316	199,444	23,942	139,913	138,289
Net OPEB payable	-	-	-	65,885	122,571
Long term debt-due after one year	4,737,923	4,534,511	4,327,976	4,115,176	3,896,118
<b>Total non-current liabilities</b>	<b>4,801,239</b>	<b>4,733,955</b>	<b>4,351,918</b>	<b>4,323,674</b>	<b>4,159,678</b>
<b>Total Liabilities</b>	<b>5,199,176</b>	<b>5,436,323</b>	<b>4,890,305</b>	<b>4,827,236</b>	<b>4,603,545</b>
<b>Net Assets:</b>					
Investment in capital net of debt	10,154,533	10,237,365	10,442,747	10,438,219	10,660,652
Unrestricted	3,127,630	5,066,824	6,672,743	7,546,229	5,585,537
<b>Total net assets</b>	<b>13,282,163</b>	<b>15,304,189</b>	<b>17,115,490</b>	<b>17,984,448</b>	<b>16,246,189</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 18,481,339</b>	<b>\$ 20,740,512</b>	<b>\$ 22,005,795</b>	<b>\$ 22,811,684</b>	<b>\$ 20,849,734</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2010**

**Table 3B**  
**Five Year Financial Summaries of the System**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets-Water Enterprise Fund**

	2006	2007	2008	2009	2010
Operating revenues:					
Sales & charges for service	\$ 4,628,274	\$ 4,931,555	\$ 4,993,881	\$ 5,175,498	\$ 4,664,522
Connection fees	461,180	11,735	36,177	10,156	14,231
Other	16,120	7,062	11,941	27,239	53,565
<b>Total operating revenues</b>	<b>5,105,574</b>	<b>4,950,352</b>	<b>5,041,999</b>	<b>5,212,893</b>	<b>4,732,318</b>
Operating expenses:					
Transmission, distribution & maint	1,527,195	1,932,020	1,514,203	1,963,122	3,879,214
Administrative & general	1,218,429	1,105,821	1,011,282	1,208,303	1,143,593
Depreciation & amortization	705,060	777,068	787,983	855,944	782,851
<b>Total operating expenses</b>	<b>3,450,684</b>	<b>3,814,909</b>	<b>3,313,468</b>	<b>4,027,369</b>	<b>5,805,658</b>
<b>Operating income (loss)</b>	<b>1,654,890</b>	<b>1,135,443</b>	<b>1,728,531</b>	<b>1,185,524</b>	<b>(1,073,340)</b>
Non-operating revenues (expenses)					
Interest revenue	112,492	200,272	267,376	143,666	44,687
Interest expense	(212,056)	(208,014)	(207,145)	(195,192)	(192,295)
Impact fees	-	615,322	552,101	278,997	49,099
Gain on disposal of assets	57,015	308,680	-	23,850	9,765
<b>Net non-operating revenues/expenses</b>	<b>(42,549)</b>	<b>916,260</b>	<b>612,332</b>	<b>251,321</b>	<b>(88,744)</b>
<b>Income (loss) before transfers</b>	<b>1,612,341</b>	<b>2,051,703</b>	<b>2,340,863</b>	<b>1,436,845</b>	<b>(1,162,084)</b>
Transfers in	-	437,030	-	-	-
Transfers out	(432,418)	(466,707)	(529,562)	(567,887)	(576,175)
<b>Change in net assets</b>	<b>1,179,923</b>	<b>2,022,026</b>	<b>1,811,301</b>	<b>868,958</b>	<b>(1,738,259)</b>
<b>Net assets at beginning of year</b>	<b>12,102,240</b>	<b>13,282,163</b>	<b>15,304,189</b>	<b>17,115,490</b>	<b>17,984,448</b>
<b>Net assets at end of year</b>	<b>\$ 13,282,163</b>	<b>\$ 15,304,189</b>	<b>\$ 17,115,490</b>	<b>\$ 17,984,448</b>	<b>\$ 16,246,189</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2010**

**Table 4A**  
**Five Year Financial Summaries of the System**  
**Balance Sheet-Sewer Enterprise Fund**

	2006	2007	2008	2009	2010
<b>Current Assets</b>					
Cash & equivalents	\$ 1,527,379	\$ 1,899,691	\$ 2,233,314	\$ 284,447	\$ 278,166
Receivables, net of allowance	260,686	332,832	361,353	445,152	389,776
Due from other funds	960	960	480	480	480
Due from other governments	111,150	111,150	111,150	111,150	111,150
<b>Total current assets</b>	<b>1,900,175</b>	<b>2,344,633</b>	<b>2,706,297</b>	<b>841,229</b>	<b>779,572</b>
<b>Property, plant, &amp; equipment</b>					
Land	178,487	178,487	178,487	310,255	310,255
Buildings	949,132	949,132	949,132	949,132	949,132
Improvements other than buildings	7,833,261	7,833,261	7,833,261	10,169,485	10,265,141
Machinery & equipment	1,324,131	1,336,333	1,253,333	1,281,561	1,315,109
Furniture & fixtures	102,762	102,762	102,762	102,762	43,369
Construction in progress	-	18,775	803,988	89,181	-
Accumulated depreciation	(4,136,252)	(4,411,600)	(4,558,170)	(5,315,987)	(5,416,348)
<b>Net property plant &amp; equipment</b>	<b>6,251,521</b>	<b>6,007,150</b>	<b>6,562,793</b>	<b>7,586,389</b>	<b>7,466,658</b>
<b>Other assets</b>					
Unamortized bond issuance costs	12,173	11,457	10,783	10,109	9,435
Investment in joint ventures	3,652,056	3,239,123	3,195,752	3,139,558	2,936,917
<b>Total assets</b>	<b>\$ 11,815,925</b>	<b>\$ 11,602,363</b>	<b>\$ 12,475,625</b>	<b>\$ 11,577,285</b>	<b>\$ 11,192,582</b>
<b>Current liabilities</b>					
Accounts payable	\$ 91,404	\$ 104,025	\$ 636,634	\$ 26,075	\$ 73,464
Accrued liabilities	23,032	18,937	20,999	110,389	8,387
Due to other funds	9,471	-	-	-	-
Accrued interest	31,573	30,984	32,012	29,451	28,497
Compensated absences	-	-	-	32,570	33,504
Long term debt-current portion	117,847	121,588	173,950	127,200	130,941
<b>Total current liabilities</b>	<b>273,327</b>	<b>275,534</b>	<b>863,595</b>	<b>325,685</b>	<b>274,793</b>
<b>Non-current liabilities</b>					
Compensated absences	20,239	64,243	6,240	42,294	45,270
Net OPEB payable	-	-	-	32,942	64,828
Long term debt-due after one year	2,832,077	2,710,489	2,587,024	2,459,824	2,328,882
<b>Total non-current liabilities</b>	<b>2,852,316</b>	<b>2,774,732</b>	<b>2,593,264</b>	<b>2,535,060</b>	<b>2,438,980</b>
<b>Total liabilities</b>	<b>3,125,643</b>	<b>3,050,266</b>	<b>3,456,859</b>	<b>2,860,745</b>	<b>2,713,773</b>
<b>Net assets:</b>					
Investment in capital net of debt	6,953,653	6,414,196	6,997,571	4,999,365	5,006,835
Restricted for debt service	314,066	-	-	-	-
Unrestricted	1,422,563	2,137,901	2,021,195	3,717,175	3,471,974
<b>Total net assets</b>	<b>8,690,282</b>	<b>8,552,097</b>	<b>9,018,766</b>	<b>8,716,540</b>	<b>8,478,809</b>
<b>Total liabilities &amp; net assets</b>	<b>\$ 11,815,925</b>	<b>\$ 11,602,363</b>	<b>\$ 12,475,625</b>	<b>\$ 11,577,285</b>	<b>\$ 11,192,582</b>

**MURRAY CITY CORPORATION**  
**Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003**  
**Fiscal Year Ending June 30, 2010**

**Table 4B**  
**Five Year Financial Summaries of the System**  
**Statement of Revenues, Expenses and Changes in Fund Net Assets-Sewer Enterprise Fund**

	2006	2007	2008	2009	2010
Operating revenues:					
Sales & charges for service	\$ 2,994,781	\$ 3,150,719	\$ 3,290,734	\$ 3,441,706	\$ 3,363,090
Connection fees	249,282	(1,525)	28,055	1,240	815
Other	12,718	-	9,864	177	28
Total operating revenues	3,256,781	3,149,194	3,328,653	3,443,123	3,363,933
Operating expenses:					
Administrative & general	514,086	519,373	454,005	509,287	488,571
Depreciation & amortization	249,082	296,003	301,244	758,491	414,129
Operations and maintenance	1,852,542	1,806,751	1,857,083	1,858,289	1,914,658
Total operating expenses	2,615,710	2,622,127	2,612,332	3,126,067	2,817,358
Operating income (loss)	641,071	527,067	716,321	317,056	546,575
Non-operating revenues (expenses)					
Interest revenue	63,852	86,120	91,121	35,482	2,606
Interest expense	(141,411)	(137,108)	(133,520)	(125,312)	(121,322)
Impact fees	-	250,006	402,170	112,755	32,874
Equity loss in joint venture	(646,403)	(594,526)	(283,291)	(311,554)	(335,297)
Gain on disposal of assets	50,000	5,850	-	-	247
Net non-operating revenues/expenses	(673,962)	(389,658)	76,480	(288,629)	(420,892)
Income (loss) before transfers	(32,891)	137,409	792,801	28,427	125,683
Transfers in	-	-	-	13,002	-
Transfers out	(277,467)	(275,594)	(326,132)	(343,655)	(363,414)
Change in net assets	(310,358)	(138,185)	466,669	(302,226)	(237,731)
Net assets at beginning of year	9,000,640	8,690,282	8,552,097	9,018,766	8,716,540
Net assets at end of year	\$ 8,690,282	\$ 8,552,097	\$ 9,018,766	\$ 8,716,540	\$ 8,478,809