

**MURRAY CITY CORPORATION, UTAH
MURRAY, UTAH**

Comprehensive Annual Financial Report

Year Ended June 30, 2011

Hansen, Bradshaw, Malmrose & Erickson
A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

MURRAY CITY CORPORATION, UTAH
Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2011

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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 1, 2011

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, 2011, 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 prove reasonable assurance that the financial statements of Murray City for the fiscal year ended June 30, 2011, 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, 2011, 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, including ambulance services; sanitation services, the construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In addition to general government activities, the governing body controls the Water Fund, the 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 have submitted 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, has been 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 several 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. The City will continue to purchase land for the Downtown Development Project from the remaining 2009 Bond proceeds as opportunities arise. The City will continue to use General Fund monies to construct, repair and maintain city roads in accordance with the pavement management plan. The City will be undertaking strategic planning to set newly revised long-term plans for the City. There will be emphasis given to a more formalized Capital Improvements Plan as part of this City study. As part of an early retirement incentive offered City employees during July and August of 2011, some department reorganizations will be implemented during fiscal year 2012.

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. Currently, the URS's Contributory Retirement System is 86% funded, the Non-contributory Retirement System is 82% funded, the Public Safety Retirement System is 77% funded and the Firefighters Retirement System is 92% funded. URS has taken measures to return funding levels to higher prior year levels. The Utah State Legislature

has taken action to change retirement coverage for any employees hired after June 30, 2011. The new coverage will be a choice by the employee of either a defined contribution plan or a hybrid defined benefit plan. More information concerning these changes can be obtained from URS.

Murray City has provided some post-retirement health and dental care benefits for its retirees and their dependents. An actuarial study was completed during the current fiscal year and results of the study have been included in the current year financial statements as required by GASB Statement No. 45. Beginning July, 1 2011, the City will no longer pay any post-retirement health or dental care benefits for retiring employees but they may remain on the City's plan.

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, 2010. This was the thirtieth 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

James A. Brass
Council Chairman

Jeffery L. Dredge
Council Member

Darren Stam
Council Member

Krista Dunn
Council Member

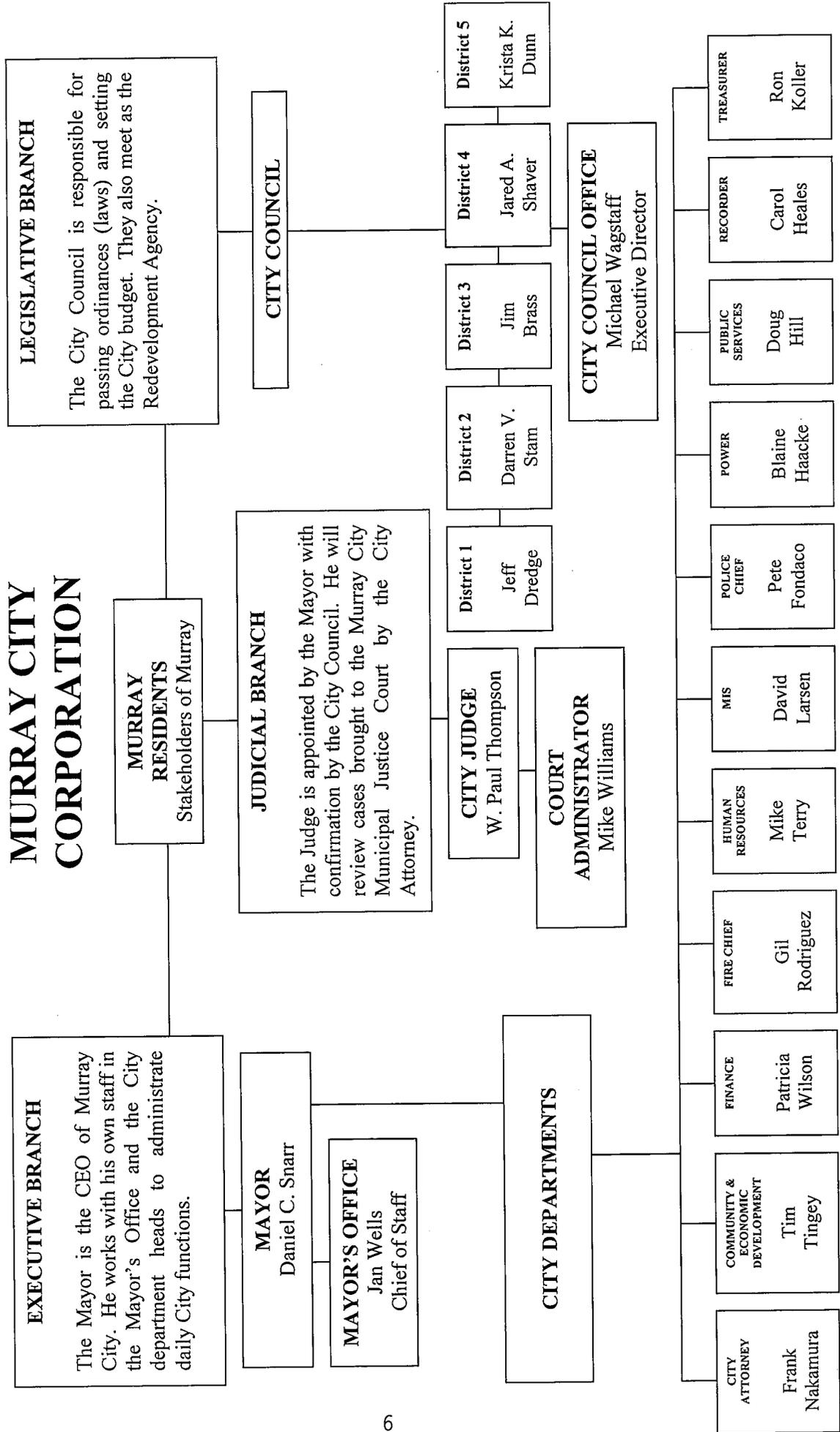
Jared Shaver
Council Member

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, 2010

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

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Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

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Clarke R. Bradshaw, CPA
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Michael L. Smith, CPA
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, 2011, 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, 2011, 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 November 30, 2011, 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 financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information, and statistical tables are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 do not express an opinion or provide assurance on them.

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

November 30, 2011

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, 2011. We encourage readers to consider the information presented here in conjunction with the additional information 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 \$146,798,190 (net assets). Of this amount, \$30,662,193 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net assets increased by \$7,130,952. Much of this increase was due to a conservative estimate of fiscal year 2011 budgeted revenue. Actual revenues exceeded projections by \$989,944 for the governmental activities. Management did not increase personnel costs wherever possible. An additional factor in the governmental activities increase was a decision to pay off two existing equipment leases (\$1,015,796). Business-type activities saw increased fees and charges which included the release of customer deposits for the Power Department (\$568,524) and the receipt of increased impact fees for Water and Waste Water (\$1,027,298).
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$18,880,228 an increase of \$4,139,530 in comparison with the prior year. Approximately 56 percent of this total amount, \$10,546,136 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,546,136 or 28 percent of total general fund expenditures.
- Murray City's total bonded debt decreased by \$3,090,000 (7.5 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 combines 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 \$146,798,190 at the close of the most recent fiscal year.

The largest portion of Murray City's net assets (76 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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$35,355	\$31,633	\$23,561	\$23,140	\$58,916	\$54,773
Capital assets	66,373	70,886	82,233	80,463	148,606	151,349
Total assets	101,728	102,519	105,794	103,603	207,522	206,122
Long-term liabilities outstanding	14,626	16,750	26,185	28,105	40,811	44,855
Other liabilities	13,128	13,688	6,785	7,912	19,913	21,600
Total Liabilities	27,754	30,438	32,970	36,017	60,724	66,455
Net assets:						
Invested in capital assets, net of related debt	55,550	58,427	55,429	51,828	110,979	110,255
Restricted	4,151	3,432	1,006	1,000	5,157	4,432
Unrestricted	14,273	10,222	16,389	14,758	30,662	24,980
Total net assets	\$73,974	\$72,081	\$72,824	\$67,586	\$146,798	\$139,667

An additional portion of Murray City's net assets (3.5 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$30,662,193) 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 an increase of \$7,130,952 in net assets of Murray City during the current fiscal year. The primary reason for the increase in net assets was that more revenues were received than anticipated and expenses were decreased as a precautionary measure to match the uncertainty of the economic conditions.

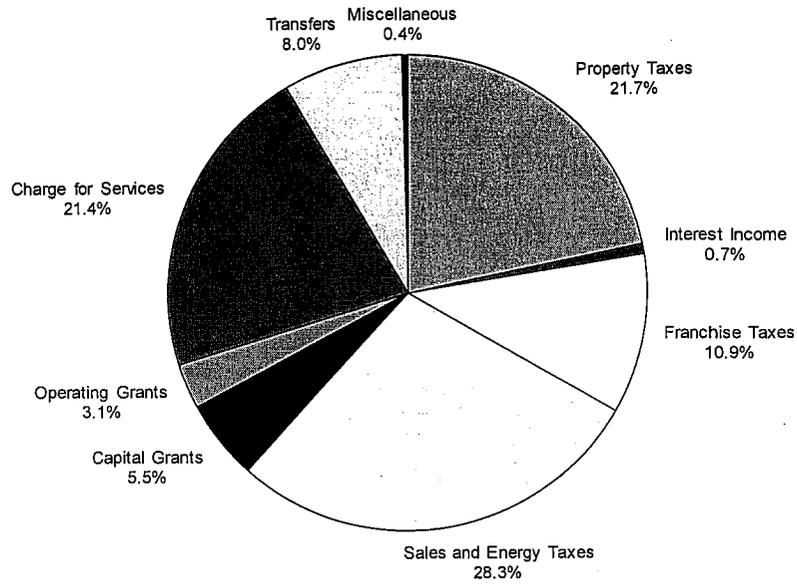
Governmental activities. Governmental activities increased Murray City's net assets by \$1,893,024. Key elements are as follows:

- Management decided to use sales tax bond proceeds to pay-off two existing General Fund equipment leases (\$801,312 for a fire ladder truck and \$214,484 for a street paver).
- The General Fund sold some land to the Water Fund (\$500,000).
- Sales Tax Revenues were higher than expected (\$389,925).

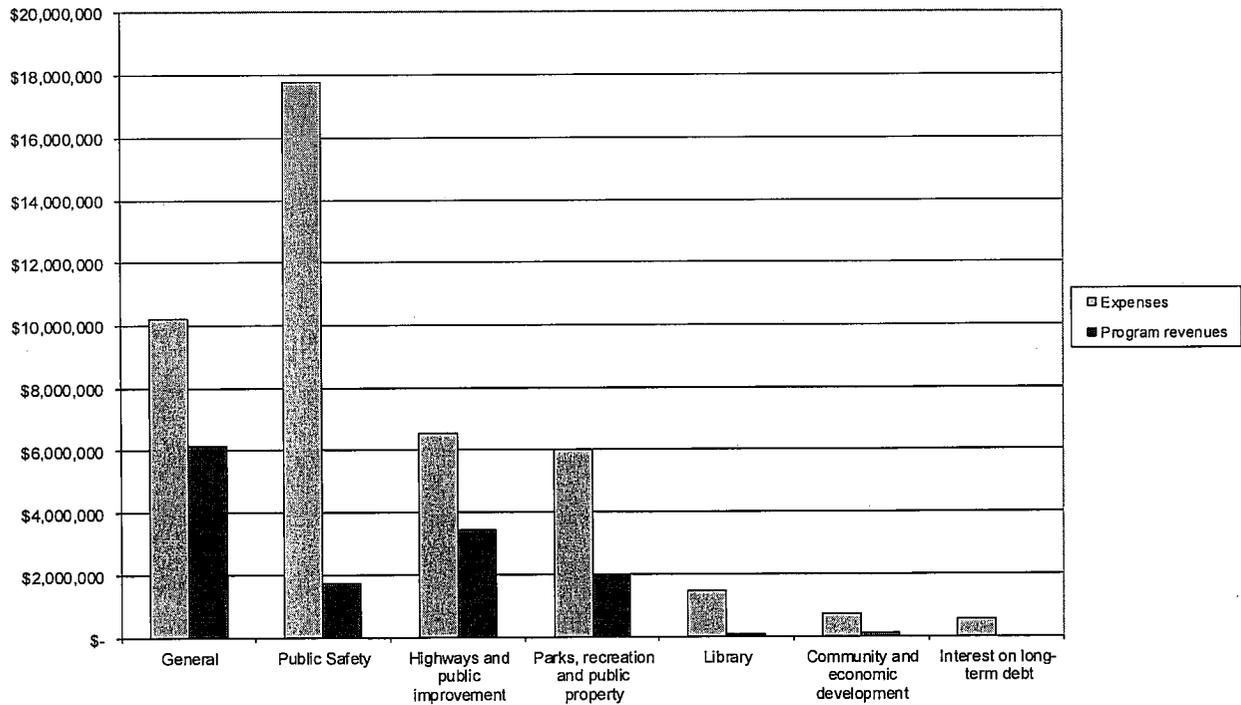
Murray City's Changes in Net Assets
(In thousands)

	Governmental Activities		Business-type Activities		Total	
	2011	2010	2011	2010	2011	2010
Revenues:						
Program revenues:						
Charges for services	\$9,653	\$8,405	\$50,132	\$45,004	\$59,785	\$53,409
Operating grants and contributions	1,385	406			1,385	406
Capital grants and contributions	2,472	2,179	2,860		5,332	2,179
General revenues:						
Property taxes	9,823	9,700			9,823	9,700
Franchise taxes	4,925	4,931			4,925	4,931
General sales taxes and energy sales taxes	12,800	12,293			12,800	12,293
Interest income	310	396	183	215	493	611
Gain (loss) on disposal of assets	-	(85)	(17)	39	(17)	(46)
Miscellaneous	196	734			196	734
Total revenues	<u>41,564</u>	<u>38,959</u>	<u>53,158</u>	<u>45,258</u>	<u>94,722</u>	<u>84,217</u>
Expenses:						
General government	10,198	9,821			10,198	9,821
Public safety	17,790	18,459			17,790	18,459
Highways & public improvements	6,552	7,358			6,552	7,358
Parks & recreation	6,007	6,118			6,007	6,118
Library	1,473	1,599			1,473	1,599
Community & economic dev.	725	676			725	676
Interest on long term debt	548	621			548	621
Power			32,432	32,420	32,432	32,420
Water			4,887	5,998	4,887	5,998
Waste Water			2,732	3,274	2,732	3,274
Storm Water			1,614	1,485	1,614	1,485
Non-major proprietary funds			2,633	2,227	2,633	2,227
Total expenses	<u>43,293</u>	<u>44,652</u>	<u>44,298</u>	<u>45,404</u>	<u>87,591</u>	<u>90,056</u>
Increase (decrease) in net assets before transfers	(1,729)	(5,693)	8,860	(146)	7,131	(5,839)
Transfers	3,622	3,005	(3,622)	(3,005)	-	-
Increase (decrease) in net assets	<u>1,893</u>	<u>(2,688)</u>	<u>5,238</u>	<u>(3,151)</u>	<u>7,131</u>	<u>(5,839)</u>
Net assets at beginning of year	72,081	74,769	67,586	70,737	139,667	145,506
Net assets at end of year	<u>\$73,974</u>	<u>\$72,081</u>	<u>\$72,824</u>	<u>\$67,586</u>	<u>\$146,798</u>	<u>\$139,667</u>

Revenue by Source - Governmental



Expenses and Program Revenues - Governmental Activities



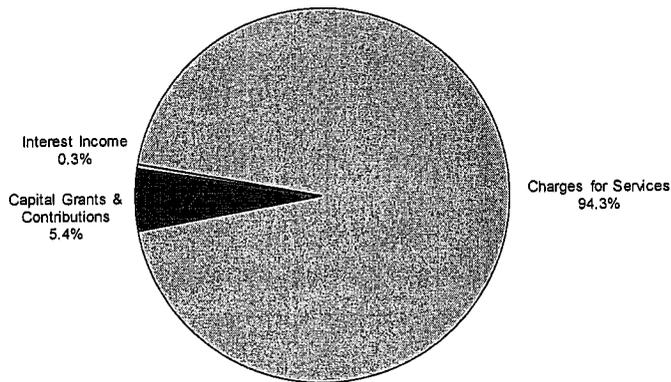
Business-type activities

Business-type activities increased Murray City's net assets by \$5,237,928.

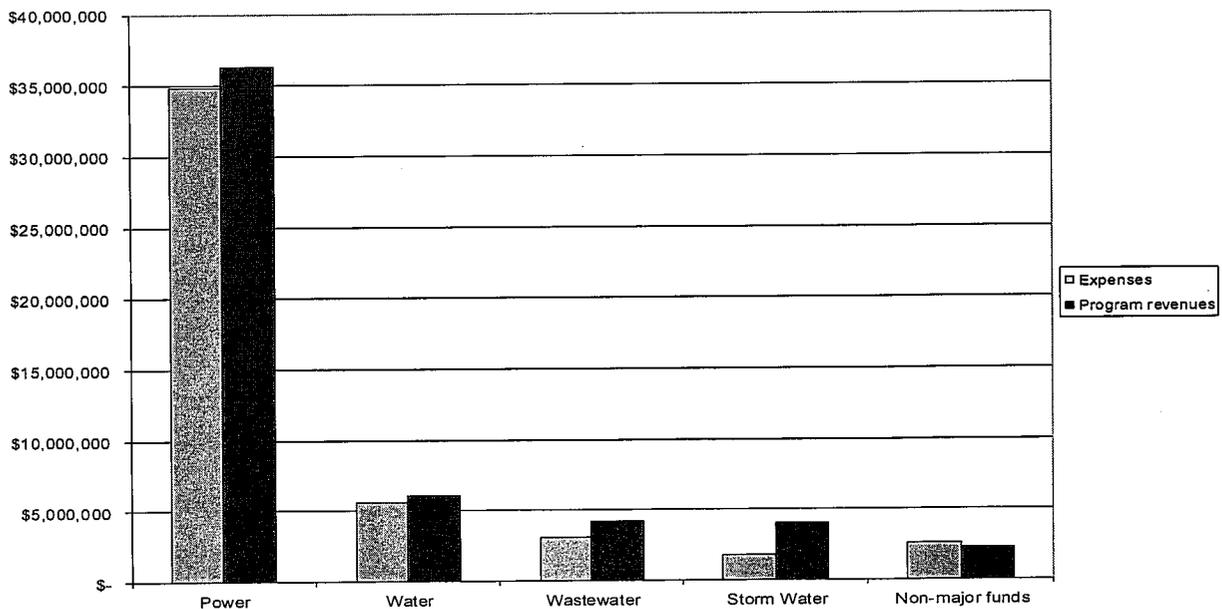
Key elements of this increase are as follows:

- The Power Department refunded the Electric Revenue Bonds Series 2001 with the Electric Revenue Refunding Bond Series 2011 realizing an economic gain of \$128,980. This also released requirements for restricted cash (\$1,005,358).
- The Storm Water Fund received ownership of two water retention ponds from Salt Lake County (\$2,344,849).
- Transfers to governmental activities for services provided were \$3,341,368.
- With the completion of renovations at a major City retail mall, Power Department customer deposits were released (\$617,001).

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 inflows, outflows, and balances of spendable resources. Such information is useful in assessing Murray City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$18,880,228, an increase of \$4,139,530 in comparison with the prior year. Approximately 56 percent of this total amount or \$10,546,136 constitutes unassigned 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, unassigned fund balance of the general fund was \$10,546,136 while total fund balance was \$12,704,840. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 34 percent of that same amount. The fund balance of Murray City's general fund increased by \$3,693,022 during the current fiscal year.

During the fiscal year 2011 budget preparation, management projected revenues very conservatively due to the uncertainty of economic conditions. Actual revenues exceeded projection at year end. Sales tax revenues, a major General Fund revenue source exceeded projections by \$409,220. Franchise tax revenue was \$233,069 greater than expected while building permits were greater by \$396,603.

City management held back approximately \$2.2 million in budgeted expenditures. Personnel costs were reduced due to the Police Department not replacing all vacated positions (\$340,253) and the Fire Department reorganizing work shift schedules (\$586,534). Street projects budgeted for the current fiscal year were not completed before year end but will be completed in the next fiscal year (\$824,695).

Lease payments that were budgeted for payment in the General Fund were left unexpended as remaining sales tax bond proceeds within the Capital Projects Fund were used to pay-off existing leases.

UTOPIA, an interlocal cooperative, drew \$1,123,099 from the pledged Debt Service Reserve Fund which had been previously established for the Murray City's share of any debt service fund shortfall. About \$600,000 in planned UTOPIA and UIA expenditures were not expended.

The Capital Projects Fund has a total fund balance of \$3,619,365, a decrease of \$34,085 in comparison with the prior year. Sixty percent of this amount (\$2,172,289) constitutes assigned

fund balance, which is available for spending on future capital projects. The remainder of fund balance is reserved or designated for purchase of land or other designated spending 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 (\$13,262), several City road projects (\$657,502) were completed, and vehicle leases were paid off (\$1,015,796) 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 \$5,297,156, in the Waste Water Fund unrestricted net assets were \$4,791,961, for the Power Fund unrestricted net assets were \$4,608,255, and for the Storm Water Fund unrestricted net assets were \$1,148,643. The Water, Waste Water, Power and Storm Water Funds' net assets increased \$421,240, \$1,164,225, \$1,670,101, and \$2,248,548 respectively. The Water Fund and Waste Water Fund received impact fees of \$668,012 and \$441,259 respectively. Additionally, the Waste Water Fund received \$177,275 income from a joint venture. The major proprietary funds saw increased revenue from fees and charges, some due to increased usage, and some due to Power implementing a small fee increase in rates.

The Water Department bought land from the General Fund. This land with a fair market value of \$500,000 will have value to the City's water operations.

As mentioned earlier in the report, the Storm Water Fund received ownership of two retention ponds from Salt Lake County (\$2,344,849). The Water Fund and the Waste Water Fund received capital contributions of \$108,055 and \$123,510 respectively. These contributions of water and sewer lines came from developers within the City. Storm Water received \$284,074 of storm drains from these developers as well.

As mentioned earlier in the report, the Power Department refunded the remaining Electric Revenue Bonds Series 2001. This refunding was done to remove restrictive bond covenants associated with the 2001 Bonds as well as reduce total future debt service payments. This refunding released \$1,005,358 of restricted cash for use by the Power Department. An economic gain of \$128,980 was realized as a result of the refunding.

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 \$1,312,557, summarized as follows:

- A grant from the State of Utah Commission on Criminal and Juvenile Justice was received by the Police Department (\$8,553).
- Expenditures within the General Fund were adjusted for the purchase of a fingerprinting station and printer as well as computer system changes for the Municipal Justice Court (\$23,308).
- A grant from the State of Utah was received by the Parks Department for analysis for the Hoffman Building (\$9,900).

- Class C road expenditures were increased for matching funds to replace the Big Cottonwood Bridge at Main Street (\$53,000).
- Existing leases for a fire truck and street paver were paid off (\$1,015,796).
- Debt liability to UTOPIA was increased (\$200,000).

The leases were paid from existing sales tax bond proceeds within the Capital Projects Fund (\$1,015,796). The adjustments to the Police Department (\$8,553) and the Parks Department (\$9,900) were funded from new grant money received. The remaining budget adjustments (\$278,308) 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, 2011 was \$148,606,028 (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 \$5,209,046.

This represented a \$4,512,762 decrease for governmental activities and a \$696,284 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 a county governmental contribution of land for \$2,344,849, new infrastructure totaling \$1,745,856, new water lines totaling \$751,683, asset retirements of machinery and equipment totaling \$2,491,251, and other asset retirements totaling \$3,836,399. 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	
	2011	2010	2011	2010	2011	2010
Land	\$ 12,624	\$ 13,110	\$ 6,895	\$ 3,993	\$ 19,519	\$ 17,103
Buildings	31,449	31,596	6,061	6,002	37,510	37,598
Improvements other than buildings	16,072	16,196	142,761	143,916	158,833	160,112
Machinery and equipment	12,718	13,240	18,746	20,833	31,464	34,073
Infrastructure	61,450	59,704	-	-	61,450	59,704
Construction in progress	395	837	39	310	434	1,147
Intangibles	-	-	4,309	4,309	4,309	4,309
Total Capital Assets	134,708	134,683	178,811	179,363	313,519	314,046
Less accumulated depreciation	(68,335)	(63,797)	(96,578)	(96,434)	(164,913)	(160,231)
Net Capital Assets	\$ 66,373	\$ 70,886	\$ 82,233	\$ 82,929	\$ 148,606	\$ 153,815

Long-term debt. At the end of the current fiscal year, Murray City had total bonded debt outstanding of \$37,980,000. 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	
	2011	2010	2011	2010	2011	2010
Revenue Bonds	\$ 11,850	\$ 13,305	\$ 26,130	\$ 27,765	\$ 37,980	\$ 41,070

Murray City's total bonded debt decreased by \$3,090,000 (7.5 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 Series 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 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 Sales Tax Bonds 2009 Series. As allowed by state law the Redevelopment Agency of Murray City will make all principal and interest payments on the refunded Series 2009B Bonds over the next 5 years.

In November of 2006, Murray City refunded a portion of the Electric Revenue Bonds Series 2001 and 2004 with the Electric Revenue Bonds Series 2006 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 Bonds Series 2002 with the Sales Tax Bonds Series 2009B for a net present value savings of \$57,844. During April 2011 Murray City refunded the Electric Revenue Bonds Series 2001 with the Electric Revenue Refunding Bonds Series 2011 for an economic gain of \$128,980.

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 \$497,520,000, 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 7.3 percent, which is an increase from a rate of 6.9 percent a year ago. This compares to the state's average unemployment rate of 7.4 percent and the national average of 9.1 percent. The State Pool Interest Rate (which has been where the majority of the City's cash has been invested) is currently at .5% compared to .6% one year ago. The City has used Zion's Bank's Ultimate Savings Account for some short

term investing which was paying .45% at June 30, 2011. Inflationary trends in the region compare favorably to national indices.

Sales tax revenue which has been a major revenue source for the City has not increased significantly. This was considered in preparing Murray City's budget for the 2012 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 FY11 as well as FY10 and has budgeted the same base amount for FY12. Projected interest income remains low for FY12. Property taxes have not been increased. No City personnel were given salary or merit increases, and no furloughs or layoffs were made. The City is planning to offer qualified employees early retirement incentives early next fiscal year with a departmental reorganization to follow. These changes are expected to produce long-term savings for 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, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 18,938,403	\$ 10,936,880	\$ 29,875,283
Receivables, net of allowance for uncollectibles	8,189,293	5,851,847	14,041,140
Inventories	68,645	1,926,428	1,995,073
Due from other governments	2,538,581	111,150	2,649,731
Notes receivable	1,470,915	-	1,470,915
Restricted cash	1,879,701	647,896	2,527,597
Land held for resale	20,000	-	20,000
Land	12,624,238	6,894,695	19,518,933
Buildings	31,448,612	6,061,001	37,509,613
Improvements other than buildings	16,072,009	142,761,164	158,833,173
Machinery and equipment	11,431,832	18,198,990	29,630,822
Furniture and fixtures	1,286,618	546,542	1,833,160
Infrastructure	61,450,189	-	61,450,189
Intangibles	-	4,309,027	4,309,027
Construction in progress	394,930	39,023	433,953
Accumulated depreciation and amortization	(68,335,292)	(96,577,550)	(164,912,842)
Investments in joint ventures	1,625,250	3,332,953	4,958,203
Unamortized bond issue costs	624,264	753,909	1,378,173
Total assets	101,728,188	105,793,955	207,522,143
LIABILITIES			
Accounts payable	1,743,555	3,157,211	4,900,766
Accrued interest payable	78,235	154,543	232,778
Accrued liabilities	1,038,806	383,028	1,421,834
Customer deposits	-	654,646	654,646
Unearned revenue	7,500,576	-	7,500,576
Noncurrent liabilities:			
Due within one year	2,766,371	2,435,702	5,202,073
Due in more than one year	14,626,454	26,184,826	40,811,280
Total liabilities	27,753,997	32,969,956	60,723,953
NET ASSETS			
Invested in capital assets, net of related debt	55,550,096	55,429,311	110,979,407
Restricted for:			
Perpetual care	520,000	-	520,000
Construction and debt service	2,966,595	1,005,358	3,971,953
Class C roads	639,185	-	639,185
Library endowment	25,452	-	25,452
Unrestricted	14,272,863	16,389,330	30,662,193
Total net assets	\$ 73,974,191	\$ 72,823,999	\$ 146,798,190

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

MURRAY CITY CORPORATION, UTAH
Statement of Activities
For the Year Ended June 30, 2011

	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
Governmental activities							
General government	\$ 10,198,008	\$ 6,149,231	\$ -	\$ -	\$ (4,048,777)	\$ -	\$ (4,048,777)
Public safety	17,790,182	1,500,353	224,568	7,995	(16,057,266)		(16,057,266)
Highways and public improvements	6,551,873	77,946	882,725	2,464,445	(3,126,757)		(3,126,757)
Parks, recreation and public property	6,007,204	1,877,486	125,396	-	(4,004,322)		(4,004,322)
Library	1,472,627	48,047	16,540	-	(1,408,040)		(1,408,040)
Community and economic development	725,371	-	135,516	-	(589,855)		(589,855)
Interest on long-term debt	548,035	-	-	-	(548,035)		(548,035)
Total governmental activities	43,293,300	9,653,063	1,384,745	2,472,440	(29,783,052)		(29,783,052)
Business-type activities							
Power	32,432,062	36,328,886	-	-	\$ -	\$ 3,896,824	3,896,824
Water	4,886,993	5,989,258	-	108,055		1,210,320	1,210,320
Waste water	2,732,108	4,071,748	-	123,510		1,463,150	1,463,150
Golf course	1,614,203	1,346,945	-	-		(267,258)	(267,258)
Storm water	1,690,874	1,432,959	-	2,628,923		2,371,008	2,371,008
Solid waste	942,255	961,847	-	-		19,592	19,592
Total business-type activities	44,298,495	50,131,643	-	2,860,488		8,693,636	8,693,636
General Revenues:							
Taxes							
Property taxes					9,823,237		9,823,237
Franchise taxes					4,924,741		4,924,741
General sales taxes and highway sales taxes					12,800,032		12,800,032
Interest income					309,804	183,447	493,251
Loss on sale and disposal of assets					-	(17,049)	(17,049)
Miscellaneous					196,156		196,156
Transfers - net					3,622,106	(3,622,106)	-
Total general revenue and transfers					31,676,076	(3,455,708)	28,220,368
Change in net assets					1,893,024	5,237,928	7,130,952
Net assets - beginning					72,081,167	67,586,071	139,667,238
Net assets - ending					\$ 73,974,191	\$ 72,823,999	\$ 146,798,190

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

MURRAY CITY CORPORATION, UTAH
Balance Sheet – Governmental Funds
June 30, 2011

	<u>Governmental Fund Types</u>			Total Governmental Funds
	General	Capital Projects	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 11,590,969	\$ 2,443,448	\$ 3,467,868	\$ 17,502,285
Receivables, net:				
Property taxes	5,990,761	-	1,457,107	7,447,868
Special assessments	180	-	-	180
Other	2,621,726	-	-	2,621,726
Notes receivable	1,470,915	-	-	1,470,915
Due from other funds	555,822	11,117	-	566,939
Due from other governments	2,514,635	-	23,946	2,538,581
Land held for resale	-	-	20,000	20,000
Restricted cash	407,173	1,447,076	25,452	1,879,701
Total assets	\$ 25,152,181	\$ 3,901,641	\$ 4,994,373	\$ 34,048,195
LIABILITIES				
Accounts payable	\$ 950,334	\$ 282,276	\$ 422,154	\$ 1,654,764
Accrued liabilities	770,836	-	13,421	784,257
Due to other funds	-	-	566,939	566,939
Deferred revenue	10,726,171	-	1,435,836	12,162,007
Total liabilities	12,447,341	282,276	2,438,350	15,167,967
FUND BALANCE				
Nonspendable	-	-	20,000	20,000
Restricted for:				
Capital projects	-	1,447,076	-	1,447,076
Class C roads	639,185	-	-	639,185
UTOPIA	1,519,519	-	-	1,519,519
Cemetery perpetual care	-	-	520,000	520,000
Library endowment	-	-	25,452	25,452
Assigned to:				
Special revenue funds	-	-	1,188,807	1,188,807
Capital projects funds	-	2,172,289	-	2,172,289
Permanent fund	-	-	801,764	801,764
Unassigned	10,546,136	-	-	10,546,136
Total fund balances	12,704,840	3,619,365	2,556,023	18,880,228
Total liabilities and fund balances	\$ 25,152,181	\$ 3,901,641	\$ 4,994,373	\$ 34,048,195

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, 2011

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

Total Fund Balances - Total Governmental Funds (page 25)	\$	18,880,228
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		67,998,386
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.		3,341,981
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.		1,159,219
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		<u>(17,405,623)</u>
Net Assets - Governmental Activities (page 23)	\$	<u><u>73,974,191</u></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, 2011

	<u>Governmental Fund Types</u>			Total Governmental Funds
	General	Capital Projects	Other Governmental Funds	
REVENUES				
Taxes and special assessments	\$ 24,048,145	\$ -	\$ 3,394,053	\$ 27,442,198
Licenses and permits	1,438,777	-	-	1,438,777
Intergovernmental	1,771,258	1,500,000	152,056	3,423,314
Charges for services	6,203,789	-	52,200	6,255,989
Fines and forfeitures	1,910,250	-	48,047	1,958,297
Miscellaneous	187,012	-	9,144	196,156
Interest income	280,119	15,992	10,103	306,214
Total revenues	35,839,350	1,515,992	3,665,603	41,020,945
EXPENDITURES				
General government	8,004,329	26,779	-	8,031,108
Public safety	16,733,142	-	-	16,733,142
Highways and public improvements	4,208,485	657,502	-	4,865,987
Parks, recreation, and public property	5,298,951	-	-	5,298,951
Library	-	-	1,380,906	1,380,906
Community and economic development	-	-	135,293	135,293
Redevelopment	-	-	597,513	597,513
Municipal building authority	-	-	1,000	1,000
Debt service:				
Principal	1,665,084	968,971	-	2,634,055
Interest and administrative charges	523,497	46,825	18,231	588,553
Pledge payment - UTOPIA debt service	1,123,099	-	-	1,123,099
Total expenditures	37,556,587	1,700,077	2,132,943	41,389,607
Excess (deficiency) of revenues over (under) expenditures	(1,717,237)	(184,085)	1,532,660	(368,662)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,674,240	150,000	-	4,824,240
Transfers out	(150,000)	-	(1,052,067)	(1,202,067)
Sale of capital assets	886,019	-	-	886,019
Total other financing sources (uses)	5,410,259	150,000	(1,052,067)	4,508,192
Net change in fund balance	3,693,022	(34,085)	480,593	4,139,530
Fund balance at beginning of year	9,011,818	3,653,450	2,075,430	14,740,698
Fund balance at end of year	\$ 12,704,840	\$ 3,619,365	\$ 2,556,023	\$ 18,880,228

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, 2011

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)	\$	4,139,530
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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.		(3,640,998)
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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.		(74,451)
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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.		2,472,270
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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.		(1,126,601)
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The net revenue of certain activities of the Internal Service Funds are reported with governmental activities		123,274
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Change in net assets of governmental activities (page 24)	\$	<u>1,893,024</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, 2011

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes:				
General property taxes	\$ 6,566,399	\$ 6,563,086	\$ 6,429,184	\$ (133,902)
General sales and use taxes	12,285,000	12,285,000	12,694,220	409,220
Franchise taxes	4,691,672	4,691,672	4,924,741	233,069
Total taxes	<u>23,543,071</u>	<u>23,539,758</u>	<u>24,048,145</u>	<u>508,387</u>
Licenses and permits				
Business licenses	624,681	624,681	646,874	22,193
Permits	395,300	395,300	791,903	396,603
Total licenses and permits	<u>1,019,981</u>	<u>1,019,981</u>	<u>1,438,777</u>	<u>418,796</u>
Intergovernmental				
Class C road allotment	1,590,000	1,590,000	1,413,299	(176,701)
State liquor allotment	75,000	75,000	80,201	5,201
F.E.M.A. and EMS grants	-	-	6,855	6,855
Local law enforcement grant	122,000	130,553	107,765	(22,788)
Victim advocate & violence against women grants	45,000	45,000	37,742	(7,258)
Salt Lake County grant	46,500	56,400	76,011	19,611
ZAP tax grant	50,000	50,000	49,385	(615)
Total intergovernmental	<u>1,928,500</u>	<u>1,946,953</u>	<u>1,771,258</u>	<u>(175,695)</u>
Charges for services				
Administration charges	2,741,903	2,741,903	2,740,336	(1,567)
Parks and recreation	1,112,900	1,112,900	1,421,123	308,223
Special public safety services	112,500	112,500	121,412	8,912
Ambulatory services	1,203,173	1,203,173	1,378,941	175,768
Heritage center	180,000	180,000	174,983	(5,017)
Cemetery lots and services	222,500	222,500	229,180	6,680
Other services	70,000	70,000	137,814	67,814
Total charges for services	<u>5,642,976</u>	<u>5,642,976</u>	<u>6,203,789</u>	<u>560,813</u>
Miscellaneous				
Fines and forfeitures	1,539,500	1,539,500	1,910,250	370,750
Interest income	243,364	243,364	280,119	36,755
Miscellaneous	835,252	916,874	187,012	(729,862)
Total miscellaneous	<u>2,618,116</u>	<u>2,699,738</u>	<u>2,377,381</u>	<u>(322,357)</u>
Total revenues	<u>34,752,644</u>	<u>34,849,406</u>	<u>35,839,350</u>	<u>989,944</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, 2011

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
<u>EXPENDITURES</u>				
General government:				
Legislative	\$ 341,359	\$ 341,359	\$ 332,224	\$ 9,135
Justice court	1,576,930	1,602,238	1,562,738	39,500
Mayor	462,532	462,532	456,363	6,169
Finance	1,257,019	1,257,019	1,212,663	44,356
Treasurer	262,157	262,157	257,861	4,296
Recorder and business licensing	435,791	435,791	422,417	13,374
Legal	587,926	587,926	546,476	41,450
Nondepartmental	1,873,747	1,873,747	838,186	1,035,561
Government buildings	309,231	309,231	283,044	26,187
Personnel	380,821	380,821	356,991	23,830
Data processing	1,219,875	1,219,875	1,149,721	70,154
Community and economic development	608,162	608,162	585,645	22,517
Total general government	<u>9,315,550</u>	<u>9,340,858</u>	<u>8,004,329</u>	<u>1,336,529</u>
Public safety:				
Police department	9,940,390	9,948,943	9,608,690	340,253
Fire department	6,986,015	6,986,015	6,399,481	586,534
Building inspection	769,127	769,127	724,971	44,156
Total public safety	<u>17,695,532</u>	<u>17,704,085</u>	<u>16,733,142</u>	<u>970,943</u>
Highways and public improvements				
Engineering	902,538	902,538	906,181	(3,643)
Streets and highways	3,972,221	4,025,221	3,200,526	824,695
Shops and garages	96,800	96,800	101,778	(4,978)
Total highways and public improvements	<u>4,971,559</u>	<u>5,024,559</u>	<u>4,208,485</u>	<u>816,074</u>
Parks, recreation, and public property				
Parks and recreation	5,069,695	5,079,595	4,933,377	146,218
Cemetery	371,475	371,475	365,574	5,901
Total parks, recreation, and public property	<u>5,441,170</u>	<u>5,451,070</u>	<u>5,298,951</u>	<u>152,119</u>
Debt service:				
Principal	1,683,631	2,652,602	1,665,084	987,518
Interest	504,954	551,779	523,497	28,282
Pledge payment - UTOPIA debt service	900,000	1,100,000	1,123,099	(23,099)
Total debt service	<u>3,088,585</u>	<u>4,304,381</u>	<u>3,311,680</u>	<u>992,701</u>
Total expenditures	<u>40,512,396</u>	<u>41,824,953</u>	<u>37,556,587</u>	<u>4,268,366</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	880,000	880,000	886,019	6,019
Transfers in	5,029,752	5,029,752	4,674,240	(355,512)
Transfers out	(150,000)	(150,000)	(150,000)	-
Net other financing sources (uses)	<u>5,759,752</u>	<u>5,759,752</u>	<u>5,410,259</u>	<u>(349,493)</u>
Net change in fund balance	-	(1,215,795)	3,693,022	4,908,817
Fund balance at beginning of year	9,011,818	9,011,818	9,011,818	-
Fund balance at end of year	<u>\$ 9,011,818</u>	<u>\$ 7,796,023</u>	<u>\$ 12,704,840</u>	<u>\$ 4,908,817</u>

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

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Proprietary Funds
June 30, 2011

Business-type Activities - Enterprise Funds

	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		
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 5,625,821	\$ 1,191,229	\$ 2,324,904	\$ 1,152,441	\$ 642,485	\$ 10,936,880	\$ 1,436,118
Receivables, net:							
Accounts	758,553	447,997	4,373,369	143,544	108,109	5,831,572	63,233
Other	573	-	19,702	-	-	20,275	-
Due from other funds	-	480	-	-	-	480	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventories	-	-	1,839,004	-	87,424	1,926,428	68,645
Total current assets	6,384,947	1,750,856	8,556,979	1,295,985	838,018	18,826,785	1,567,996
Noncurrent assets:							
Restricted cash	-	-	647,896	-	-	647,896	-
Capital assets:							
Land	2,075,939	455,921	1,691,650	2,344,849	326,336	6,894,695	-
Buildings	904,024	949,132	3,410,311	-	797,534	6,061,001	-
Improvements other than buildings	22,317,734	10,232,157	75,475,273	31,001,851	3,734,149	142,761,164	-
Machinery and equipment	2,578,713	1,060,990	12,618,008	1,115,152	826,127	18,198,990	161,743
Furniture and fixtures	-	-	546,542	-	-	546,542	-
Intangibles	-	-	4,309,027	-	-	4,309,027	-
Construction in progress	13,975	-	-	25,048	-	39,023	-
Accumulated depreciation and amortization	(12,623,994)	(5,518,245)	(53,497,164)	(20,517,949)	(4,420,198)	(96,577,550)	(102,288)
Net capital assets	15,266,391	7,179,955	44,553,647	13,968,951	1,263,948	82,232,892	59,455
Other assets:							
Unamortized bond issuance costs	14,658	8,761	730,490	-	-	753,909	-
Investment in joint venture	-	3,332,953	-	-	-	3,332,953	-
Total other assets	14,658	3,341,714	730,490	-	-	4,086,862	-
Total noncurrent assets	15,281,049	10,521,669	45,932,033	13,968,951	1,263,948	86,967,650	59,455
Total assets	\$ 21,665,996	\$ 12,272,525	\$ 54,489,012	\$ 15,264,936	\$ 2,101,966	\$ 105,794,435	\$ 1,627,451

(Continued)

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Proprietary Funds (Continued)
June 30, 2011

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
LIABILITIES							
Current liabilities:							
Accounts payable	\$ 646,288	\$ 109,696	\$ 2,274,717	\$ 50,957	\$ 75,553	\$ 3,157,211	\$ 88,791
Accrued liabilities	23,902	11,857	305,924	11,630	29,715	383,028	254,549
Due to other funds	480	-	-	-	-	480	-
Accrued interest payable	49,455	29,561	71,835	3,078	614	154,543	-
Compensated absences	92,003	32,952	268,205	12,893	40,769	446,822	14,758
Bonds and leases payable	228,447	136,553	1,460,000	122,419	41,461	1,988,880	-
Total current liabilities	1,040,575	320,619	4,380,681	200,977	188,112	6,130,964	358,098
Noncurrent liabilities:							
Deposits	6,750	-	647,896	-	-	654,646	-
Compensated absences	155,681	52,598	337,533	20,825	68,121	634,758	18,707
Net OPEB payable	127,890	63,945	415,642	47,959	79,931	735,367	31,972
Bonds and leases payable	3,667,671	2,192,329	18,898,268	56,433	-	24,814,701	-
Total noncurrent liabilities	3,957,992	2,308,872	20,299,339	125,217	148,052	26,839,472	50,679
Total liabilities	4,998,567	2,629,491	24,680,020	326,194	336,164	32,970,436	408,777
NET ASSETS							
Invested in capital assets, net							
of related debt	11,370,273	4,851,073	24,195,379	13,790,099	1,222,487	55,429,311	59,455
Restricted for debt service	-	-	1,005,358	-	-	1,005,358	-
Unrestricted	5,297,156	4,791,961	4,608,255	1,148,643	543,315	16,389,330	1,159,219
Total net assets	16,667,429	9,643,034	29,808,992	14,938,742	1,765,802	72,823,999	1,218,674
Total liabilities and net assets	\$ 21,665,996	\$ 12,272,525	\$ 54,489,012	\$ 15,264,936	\$ 2,101,966	\$ 105,794,435	\$ 1,627,451

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, 2011

	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	
OPERATING REVENUES							
Sales and charges for services	\$ 5,274,778	\$ 3,628,079	\$ 33,801,253	\$ 1,427,368	\$ 1,514,441	\$ 45,645,919	\$ 1,093,094
Connection and servicing fees	15,982	2,035	240,253	-	-	258,270	-
Green fees	-	-	-	-	793,761	793,761	-
Other	30,486	375	1,711,321	100	590	1,742,872	13,025
Total operating revenues	5,321,246	3,630,489	35,752,827	1,427,468	2,308,792	48,440,822	1,106,119
OPERATING EXPENSES							
Production or purchase of power	-	-	19,886,803	-	-	19,886,803	-
Administration and general	1,065,712	449,547	3,558,391	105,818	101,627	5,281,095	355,750
Depreciation and amortization	866,142	435,621	3,149,816	862,332	186,748	5,500,659	3,877
Operations and maintenance	2,766,220	1,907,289	4,935,660	713,041	2,266,041	12,588,251	612,517
Total operating expenses	4,698,074	2,792,457	31,530,670	1,681,191	2,554,416	43,256,808	972,144
Operating income (loss)	623,172	838,032	4,222,157	(253,723)	(245,624)	5,184,014	133,975
NONOPERATING REVENUES (EXPENSES)							
Interest income	18,636	2,416	157,145	2,720	2,530	183,447	3,590
Interest expense	(188,919)	(116,926)	(901,392)	(9,683)	(2,042)	(1,218,962)	-
Impact fees	668,012	441,259	576,059	5,491	-	1,690,821	-
Equity in income of joint venture	-	177,275	-	-	-	177,275	-
Gain/(loss) on disposal of assets	(103,101)	43,740	41,362	-	950	(17,049)	1,641
Total nonoperating revenues (expenses)	394,628	547,764	(126,826)	(1,472)	1,438	815,532	5,231
Income (loss) before contributions and transfers	1,017,800	1,385,796	4,095,331	(255,195)	(244,186)	5,999,546	139,206
Capital contributions	108,055	123,510	-	2,642,968	-	2,874,533	-
Transfers out	(704,615)	(345,081)	(2,425,230)	(139,225)	(22,000)	(3,636,151)	(15,932)
Change in net assets	421,240	1,164,225	1,670,101	2,248,548	(266,186)	5,237,928	123,274
Total net assets, beginning	16,246,189	8,478,809	28,138,891	12,690,194	2,031,988	67,586,071	1,095,400
Total net assets - ending	\$ 16,667,429	\$ 9,643,034	\$ 29,808,992	\$ 14,938,742	\$ 1,765,802	\$ 72,823,999	\$ 1,218,674

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, 2011

	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		
Cash flows from operating activities							
Receipts from customers and users	\$ 5,285,759	\$ 3,572,268	\$ 35,072,736	\$ 1,423,128	\$ 2,244,209	\$ 47,598,100	\$ 1,077,906
Proceeds from insurance claim	-	-	-	-	-	-	13,025
Payments to suppliers	(2,270,224)	(1,903,030)	(25,902,249)	(459,579)	(1,715,507)	(32,250,589)	(676,428)
Payments to employees	(953,457)	(408,211)	(3,751,742)	(343,070)	(585,259)	(6,041,739)	(270,381)
Investments in joint venture	-	(218,761)	-	-	-	(218,761)	-
Net cash provided (used) by operating activities	<u>2,062,078</u>	<u>1,042,266</u>	<u>5,418,745</u>	<u>620,479</u>	<u>(56,557)</u>	<u>9,087,011</u>	<u>144,122</u>
Cash flows from noncapital financing activities							
Transfers to other funds	(704,615)	(345,081)	(2,425,230)	(139,225)	(22,000)	(3,636,151)	(15,932)
Advances from (to) other funds	271,056	-	(410,486)	-	-	(139,430)	-
Net cash provided (used) by noncapital financing activities	<u>(433,559)</u>	<u>(345,081)</u>	<u>(2,835,716)</u>	<u>(139,225)</u>	<u>(22,000)</u>	<u>(3,775,581)</u>	<u>(15,932)</u>
Cash flows from capital and related financing activities							
Acquisition of property, plant, and equipment	(1,351,992)	(24,734)	(336,735)	(136,816)	(83,568)	(1,933,845)	(11,061)
Proceeds from sale of assets	1,369	43,740	44,675	-	950	90,734	1,641
Impact fees	668,012	441,259	576,059	5,491	-	1,690,821	-
Proceeds from issuance of debt	-	-	3,140,000	-	-	3,140,000	-
Bond issuance costs paid	-	-	(40,159)	-	-	(40,159)	-
Principal paid on capital debt	(219,059)	(130,941)	(4,463,237)	(118,363)	(39,743)	(4,971,343)	-
Interest paid on capital debt	(187,139)	(115,862)	(908,447)	(11,639)	(2,637)	(1,225,724)	-
Net cash provided (used) by capital and related financing activities	<u>(1,088,809)</u>	<u>213,462</u>	<u>(1,987,844)</u>	<u>(261,327)</u>	<u>(124,998)</u>	<u>(3,249,516)</u>	<u>(9,420)</u>
Cash flows from investing activities							
Interest and dividends received	18,636	2,416	157,145	2,720	2,530	183,447	3,590
Net cash provided by investing activities	<u>18,636</u>	<u>2,416</u>	<u>157,145</u>	<u>2,720</u>	<u>2,530</u>	<u>183,447</u>	<u>3,590</u>
Net increase (decrease) in cash and cash equivalents	558,346	913,063	752,330	222,647	(201,025)	2,245,361	122,360
Cash and cash equivalents, beginning of year	5,067,475	278,166	2,220,470	929,794	843,510	9,339,415	1,313,758
Cash and cash equivalents, end of year	<u>\$ 5,625,821</u>	<u>\$ 1,191,229</u>	<u>\$ 2,972,800</u>	<u>\$ 1,152,441</u>	<u>\$ 642,485</u>	<u>\$ 11,584,776</u>	<u>\$ 1,436,118</u>
Unrestricted cash	\$ 5,625,821	\$ 1,191,229	\$ 2,324,904	\$ 1,152,441	\$ 642,485	\$ 10,936,880	\$ 1,436,118
Restricted cash	-	-	647,896	-	-	647,896	-
Total Cash	<u>\$ 5,625,821</u>	<u>\$ 1,191,229</u>	<u>\$ 2,972,800</u>	<u>\$ 1,152,441</u>	<u>\$ 642,485</u>	<u>\$ 11,584,776</u>	<u>\$ 1,436,118</u>

(Continued)

MURRAY CITY CORPORATION, UTAH
Statement of Cash Flows – Proprietary Funds (Continued)
For the Year Ended June 30, 2011

	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	
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	\$ 623,172	\$ 838,032	\$ 4,222,157	\$ (253,723)	\$ (245,624)	\$ 5,184,014	\$ 133,975
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	866,142	435,621	3,149,816	862,332	186,748	5,500,659	3,877
Investments in joint ventures	-	(218,761)	-	-	-	(218,761)	-
Changes in assets and liabilities:							
Accounts receivable	(38,964)	(58,221)	(103,535)	(4,340)	(64,583)	(269,643)	(15,188)
Other receivables	(573)	-	(3,982)	-	-	(4,555)	-
Inventories	-	-	58,899	-	45,286	104,185	(30,309)
Accounts payable	575,789	36,232	(1,341,670)	25,695	(9,605)	(713,559)	48,169
Accrued liabilities	5,094	3,470	32,557	5,095	2,874	49,090	3,039
Compensated absences and OPEB	27,368	5,893	(22,923)	(14,580)	28,347	24,105	559
Customer deposits	4,050	-	(572,574)	-	-	(568,524)	-
Net cash provided by operating activities	\$ 2,062,078	\$ 1,042,266	\$ 5,418,745	\$ 620,479	\$ (56,557)	\$ 9,087,011	\$ 144,122
Noncash investing, capital and financing activities							
Capital contributions - developers	\$ 108,055	\$ 123,510	\$ -	\$ 2,642,968	\$ -	\$ 2,874,533	\$ -

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MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements
June 30, 2011

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, 2011

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 within 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, 2011

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, 2011

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 nonoperating 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, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating 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.

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 approximately 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, 2011 were estimated based on July billings and are included in the operating revenues and accounts receivable at year end. Receivables are shown net of allowance for uncollectibles. The allowance adjustment is estimated annually based on historical trends and professional judgment.

Inventories and Prepaid Items Inventories of materials and supplies in the proprietary funds, consisting principally of materials used in the repair of the transmission, distribution, collection and treatment systems, are valued at cost and accounted for on 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.

Restricted Assets Restricted assets are comprised of cash restricted for future debt service payments, unexpended portions of bonds issued for capital construction, and customer deposits held.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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.

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.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds. The categories and descriptions are as follows:

Nonspendable Fund Balance – Prepaid expenditures and other similar assets not in a spendable form or that are contractually required to be maintained intact are classified as nonspendable fund balance.

Restricted Fund Balance – Assets that are constrained by externally imposed restrictions, or by law through constitutional provisions or enabling legislation.

Committed Fund Balance – Amounts formally designated by City Council through ordinance or resolution for a specific purpose that cannot be used for another purpose unless the City Council formally changes the use.

Assigned Fund Balance – Amounts constrained by City Council or City Management for a specific purpose normally through the appropriations process in establishing and amending budgets. Furthermore, funds in special revenue, capital project, and permanent funds are by their nature assigned to the purpose for which the resources are collected.

Unassigned Fund Balance – Amounts that may be used for any governmental purpose.

When an expenditure qualifies to be used from more than one fund balance classification identified above, it is the City's policy to use resources in the following order: restricted, committed, assigned, and then unassigned.

The City has not adopted a formal policy on minimum fund balance. However, state statute requires the City to maintain a minimum fund balance in the general fund of at least 5% of total revenues.

Estimates

The preparation of the financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of certain financial statement balances. Actual results could vary from those estimates.

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.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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	\$ 134,708,428
Investment in joint venture	1,625,250
Accumulated depreciation	<u>(68,335,292)</u>
Total difference	<u>\$ 67,998,386</u>

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, 2011 were:

Sales tax revenue bonds	\$ 11,850,000
Bond issuance premium	150,967
Capital leases	269,149
Interest payable on long-term debt	78,235
Net OPEB payable	2,445,894
Compensated absences	<u>2,611,378</u>
Total difference	<u>\$ 17,405,623</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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

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	\$ 1,057,956
Capital contributions	433,871
Depreciation expense	<u>(5,132,825)</u>
Net difference, as reported	<u>\$ (3,640,998)</u>

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.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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.

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

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, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Deposits and Investments (Continued)

As of June 30, 2011, the City's demand deposits and cash on hand amounted to \$11,859,620.

As of June 30, 2011, the City has investments in the Utah Public Treasurer's Investment Fund of \$20,543,260. The PTIF is authorized and regulated by the Money Management Act. Deposits in the PTIF are not insured nor guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments. The PTIF values investments at fair market value at June 30 and December 30 each year in accordance with GASB 31. However, the PTIF reports to participants on an amortized cost basis, which approximates the fair value at year end.

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, 2011, \$11,598,459 of the City's \$11,848,459 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.

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 PTIF is not registered with the SEC as an investment company and it is also unrated.

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, 2011

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	\$ 29,875,283
Restricted cash	<u>2,527,597</u>
	<u>\$ 32,402,880</u>

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	\$ 5,990,761	\$ -	\$ -	\$ -	\$ -	\$1,457,107	\$ -	\$ 7,447,868
Accounts and other	678,012	765,706	456,304	4,514,613	145,399	110,004	63,233	6,733,271
Special assessments	180	-	-	-	-	-	-	180
Loans	1,943,714	-	-	-	-	-	-	1,943,714
Intergovernmental	2,514,635	-	111,150	-	-	23,946	-	2,649,731
Gross receivables	11,127,302	765,706	567,454	4,514,613	145,399	1,591,057	63,233	18,774,764
Less: allowance for uncollectibles	-	(6,580)	(8,307)	(121,542)	(1,855)	(1,895)	-	(140,179)
Net total receivables	<u>\$11,127,302</u>	<u>\$ 759,126</u>	<u>\$ 559,147</u>	<u>\$4,393,071</u>	<u>\$ 143,544</u>	<u>\$1,589,162</u>	<u>\$ 63,233</u>	<u>\$ 18,634,585</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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)	\$ 1,470,915	\$ -
Sales taxes receivable (General Fund)	1,155,923	-
Franchise taxes receivable (General Fund)	90,879	-
Property tax receivable (General Fund)	5,903,253	-
Property tax receivable (Library Fund)	1,435,836	-
Loan to UTOPIA for bond payments (General Fund)	1,943,714	-
Various prepayments received (General Fund)	-	161,487
Total deferred/unearned revenue for governmental funds	\$12,000,520	\$ 161,487

Notes Receivable

General Fund notes receivable includes a \$1,470,915 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, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets

Capital asset activity for the year ended June 30, 2011 was as follows:

	07/01/10	Transfers	Increases	Decreases	06/30/11
<u>Governmental activities</u>					
Capital assets, not depreciated:					
Land	\$ 13,109,605	\$ -	\$ 38,070	\$ (523,437)	\$ 12,624,238
Construction in progress	836,811	-	394,930	(836,811)	394,930
Total capital assets, not depreciated	13,946,416	-	433,000	(1,360,248)	13,019,168
Capital assets, depreciated:					
Buildings	31,596,559	-	-	(147,947)	31,448,612
Improvements other than buildings	16,196,137	-	-	(124,128)	16,072,009
Infrastructure	59,704,333	-	1,745,856	-	61,450,189
Machinery and equipment	11,867,028	25,932	176,775	(637,903)	11,431,832
Furniture and fixtures	1,372,790	-	-	(86,172)	1,286,618
Total capital assets, depreciated	120,736,847	25,932	1,922,631	(996,150)	121,689,260
Accumulated depreciation:					
Buildings	(9,546,467)	(499,965)	(839,570)	46,270	(10,839,732)
Improvements other than buildings	(10,807,261)	499,965	(796,081)	84,128	(11,019,249)
Infrastructure	(35,128,308)	-	(2,421,238)	-	(37,549,546)
Machinery and equipment	(7,138,597)	(25,999)	(995,426)	415,872	(7,744,150)
Furniture and fixtures	(1,176,732)	-	(84,387)	78,504	(1,182,615)
Total accumulated depreciation	(63,797,365)	(25,999)	(5,136,702)	624,774	(68,335,292)
Total capital assets, depreciated (net)	56,939,482	(67)	(3,214,071)	(371,376)	53,353,968
Net governmental capital assets	\$ 70,885,898	\$ (67)	\$ (2,781,071)	\$ (1,731,624)	\$ 66,373,136

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Assets (Continued)

	07/01/10	Transfers	Increases	Decreases	06/30/11
<u>Business-type activities</u>					
Capital assets, not depreciated:					
Land	\$ 3,992,718	\$ -	\$ 2,905,488	\$ (3,511)	\$ 6,894,695
Construction in progress	309,702	-	25,048	(295,727)	39,023
Total capital assets, not depreciated	4,302,420	-	2,930,536	(299,238)	6,933,718
Capital assets, depreciated:					
Buildings	6,002,102	-	58,899	-	6,061,001
Improvements other than buildings	143,916,253	-	1,529,714	(2,684,803)	142,761,164
Machinery and equipment	19,359,123	108,329	584,886	(1,853,348)	18,198,990
Furniture and fixtures	1,474,152	(134,261)	-	(793,349)	546,542
Intangibles	4,309,027	-	-	-	4,309,027
Total capital assets, depreciated	175,060,657	(25,932)	2,173,499	(5,331,500)	171,876,724
Accumulated depreciation and amortization:					
Buildings	(4,253,466)	-	(98,584)	-	(4,352,050)
Improvements other	(78,071,855)	-	(4,180,138)	2,580,532	(79,671,461)
Machinery and equipment	(11,026,952)	(73,662)	(978,095)	1,853,350	(10,225,359)
Furniture and fixtures	(1,238,399)	99,661	(3,883)	793,349	(349,272)
Intangibles	(1,843,229)	-	(136,179)	-	(1,979,408)
Total accumulated depreciation and amortization	(96,433,901)	25,999	(5,396,879)	5,227,231	(96,577,550)
Total capital assets, depreciated (net)	78,626,756	67	(3,223,380)	(104,269)	75,299,174
Net business-type capital assets	<u>\$ 82,929,176</u>	<u>\$ 67</u>	<u>\$ (292,844)</u>	<u>\$ (403,507)</u>	<u>\$ 82,232,892</u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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	\$ 725,322
Public safety	995,619
Highways and public improvements	2,621,588
Parks, recreation, and public property	707,246
Library	86,927
Total depreciation expense - governmental activities	\$5,136,702

Business-type activities:

Water	\$ 865,015
Waste Water	434,947
Storm Water	862,332
Power	3,047,837
Murray Parkway Recreation	186,748
Total depreciation expense - business-type activities	\$5,396,879

Interfund Receivable, Payables and Transfers

At June 30, 2011, interfund balances due to or from other funds was as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Library	\$ 455,822
Capital Projects	CDBG	11,117
General	Redevelopment Agency	100,000
Waste Water	Water	480
		\$ 567,419

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, 2011

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, 2011 were as follows:

<u>Fund Transferring Out</u>	<u>Fund Receiving Transfer</u>	<u>Amount</u>
Water	General	\$ 704,615
Waste Water	General	345,081
Storm Water	General	125,247
Power	General	2,425,230
Murray Parkway Recreation	General	22,000
Cemetery Perpetual Care	General	60,000
Library	General	66,974
Redevelopment Agency	General	912,340
Community Development	General	12,753
General	Capital Projects	150,000
		<u>\$ 4,824,240</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.

The City also transferred various capital assets between funds. These transfers consisted of a truck transferred from the Storm Water Fund to the General Fund for \$13,978 and a truck transferred from the General Fund to the Storm Water Fund for \$14,045. The \$13,978 results in a difference in interfund transfers in the fund statements. The \$14,045 is reported as a capital contribution in the fund statements and reclassified as a transfer in the entity-wide statements.

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, 2011, 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, 2011

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 \$1,090,667 in 2011. The Waste Water Fund made a net contribution of \$218,761 to the Facility in 2011 and recorded a \$177,275 income in joint venture resulting in a net increase in its investment in the Facility of \$396,036.

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2010 is \$2,879,834. 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, 2011

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, 2011 is \$2,329,620, reported as an intangible asset.

Under various power sales contracts, UAMPS' members are required to pay their proportionate share of all operation and maintenance expenses and debt service on the revenue bonds issued by UAMPS, and any other energy-related costs, as defined in the contract regardless of whether any power is supplied to the Power Fund. The City has no firm commitments to make additional equity investments in UAMPS or in any specified projects of 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, 2011

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.

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

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%
Ambulances and equipment	519,300	3.850%
Storm water truck	211,766	4.450%

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Capital Leases (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2011 were as follows:

	June 30,	Totals
	2012	\$ 314,776
	2013	201,341
Total minimum lease payments		516,116
Less: interest portion		(26,654)
Present value of minimum lease payments		489,462
Amount due within one year		(295,912)
Amount due after one year		\$ 193,550

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, 2011 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Water/Sewer Series 2003	\$ 8,500,000	\$305,000 to \$630,000	2.00% to 5.25%	10/1/2023	\$ 6,225,000
Electric Series 2004	9,300,000	\$305,000 to \$685,000	3.00% to 5.25%	6/1/2025	7,230,000
Electric Series 2006	9,700,000	\$15,000 to \$1,500,000	4.00% to 5.00%	6/1/2021	9,535,000
Electric Series 2011	3,140,000	\$1,020,000 to \$1,070,000	4.60% to 4.85%	6/1/2014	3,140,000
Sales Tax Series 2007	9,990,000	\$710,000 to \$875,000	3.75% to 5.000%	12/1/2020	6,960,000
Sales Tax Series 2009A	4,580,000	\$275,000 to \$405,000	3.00% to 4.40%	4/1/2023	3,835,000
Sales Tax Series 2009B	1,535,000	\$235,000 to \$275,000	3.00% to 3.75%	4/1/2015	1,055,000
	\$ 46,745,000				\$ 37,980,000

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Revenue Bonds (Continued)

Revenue bond debt service requirements to maturity are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2012	\$ 3,310,000	\$ 1,542,255	\$ 4,852,255
2013	3,385,000	1,432,365	4,817,365
2014	3,115,000	1,330,390	4,445,390
2015	3,245,000	1,230,863	4,475,863
2016	3,055,000	1,087,841	4,142,841
2017 - 2021	16,885,000	3,372,756	20,257,756
2022 - 2025	4,985,000	518,155	5,503,155
	<u>\$ 37,980,000</u>	<u>\$ 10,514,625</u>	<u>\$ 48,494,625</u>

Current Refunding

In April 2011, the City issued \$3,140,000 of Electric Revenue Refunding Bond Series 2011. The proceeds of the Series 2011 bonds of \$3,140,000, net of issuance costs of \$40,159, were used for a current refunding of \$3,065,000 of Electric Revenue Bonds Series 2001. The refunding was done to remove restrictive bond covenants associated with the revenue bonds and to reduce total future debt service payments. The City realized an economic gain of \$128,980 from the refunding.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2011 was as follows:

	<u>07/01/10</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/11</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Sales tax	\$ 13,305,000	\$ -	\$ (1,455,000)	\$ 11,850,000	\$ 1,485,000
Total bonds payable	13,305,000	-	(1,455,000)	11,850,000	1,485,000
Capital leases	1,448,204	-	(1,179,055)	269,149	132,033
Compensated absences	2,580,275	1,497,685	(1,433,117)	2,644,843	1,149,338
Net OPEB payable	2,271,250	206,616	-	2,477,866	-
Bond issuance premium	168,791	-	(17,824)	150,967	-
Governmental activities, long-term liabilities	<u>\$ 19,773,520</u>	<u>\$ 1,704,301</u>	<u>\$ (4,084,996)</u>	<u>\$ 17,392,825</u>	<u>\$ 2,766,371</u>
<u>Business-type activities</u>					
Revenue bonds payable	\$ 27,765,000	\$ 3,140,000	\$ (4,775,000)	\$ 26,130,000	\$ 1,825,000
Capital leases	378,419	-	(158,106)	220,313	163,880
Compensated absences	1,073,889	547,973	(540,282)	1,081,580	446,822
Net OPEB payable	718,953	16,414	-	735,367	-
Bond issuance premium	491,505	-	(38,237)	453,268	-
Business-type activities, long-term liabilities	<u>\$ 30,427,766</u>	<u>\$ 3,704,387</u>	<u>\$ (5,511,625)</u>	<u>\$ 28,620,528</u>	<u>\$ 2,435,702</u>

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

<u>Bond Description</u>	<u>Original Issue</u>	<u>Unpaid Balance June 30, 2011</u>	<u>Final Date of Maturity</u>	<u>Refunding Bonds</u>
MBA Series 2001	9,790,000	6,710,000	12/1/2011	Sales Tax Series 2007

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Commitments

UTOPIA Pledge and Loan Agreement: The City entered into a Pledge and Loan Agreement with the 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 \$1,519,519 for the year ended June 30, 2011, 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 \$1,943,714 at June 30, 2011 is 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.

Utah Infrastructure Agency (UIA): On May 1, 2011, the City entered into a "Communication Service Contract" with UIA to provide connections to a fiber optic network for the residences and businesses of the City. The agreement obligates the City to financially support UIA if UIA revenues are insufficient to pay operational and debt payments. The City has obligated up to \$690,241 of its annual franchise tax revenue for this support. This represents 13.4% of the combined commitment of all the cities in UIA.

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

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2011, 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 \$1,830,905 were generated. Of this amount, the RDA was required to pay \$400,000 to the Murray School District. There is no outstanding debt of the RDA at June 30, 2011, however, the RDA has agreed to make payments on the Series 2009A and 2009B sales tax bonds.

During the year ended June 30, 2011, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled \$649,078, capital outlay costs totaled \$8,435, and debt service payments totaled \$852,340 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, 2011

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 15.05% to the Firefighters Retirement System, respectively. The City is required to contribute a percent of members' annual covered salary to the respective systems; 9.36% to the Local Government Contributory Retirement System, 13.37% to the related Noncontributory Retirement System, 26.13% to the Public Safety Noncontributory Retirement System, and 1.72% to the Firefighters 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, 2011, 2010 and 2009, were equal to the required contributions for each year. The contribution amounts are as follows:

	2011	2010	2009
Local Governmental Contributory Retirement System	\$ 149,231	\$ 153,142	\$ 153,757
Local Governmental Noncontributory Retirement System	1,823,498	1,611,044	1,600,410
Public Safety Retirement System for Employers with Social Security Coverage	1,030,602	933,857	898,921
Firefighters Retirement System	569,058	457,029	416,503

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 \$786,237, \$809,863, and \$789,727 for the years ended June 30, 2011, 2010 and 2009, respectively.

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

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, 2011 was \$75,633.

Other Postemployment Benefits

In addition to the pension benefits described above, the City provides post-retirement health care benefits (OPEB) 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 46 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 postemployment 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 \$98,801 in premiums for retirees during the fiscal year ended June 30, 2011.

The City does not prepare separate financial statements for the OPEB plan.

As of July 1, 2011, the date of the latest actuarial valuation, approximately 358 active employees and 46 inactive (retired) employees are receiving health insurance benefits from the City. The actuarial accrued liability (AAL) for benefits was \$3.75 million, with no actuarial value of assets, resulting in an unfunded accrued liability of \$3.75 million due to the City's pay-as-you-go accounting.

The following table shows the components of the City's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the City's net OPEB obligation:

Annual required contribution	\$ 375,147
Interest on net OPEB obligation	119,608
Adjustments to annual required contribution	<u>(172,924)</u>
Annual OPEB cost (expense)	321,831
Contributions made	<u>(98,801)</u>
Increase in net OPEB obligation	223,030
Net OPEB obligation beginning of year	<u>2,990,203</u>
Net OPEB obligation end of year	<u><u>\$ 3,213,233</u></u>

MURRAY CITY CORPORATION, UTAH
Notes to the Financial Statements (Continued)
June 30, 2011

4. DETAILED NOTES FOR ALL FUNDS (CONTINUED)

Other Postemployment Benefits (Continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2011 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$ 1,550,945	3.6%	\$ 1,495,102
June 30, 2010	1,546,387	3.3%	2,990,203
June 30, 2011	321,831	30.7%	3,213,233

The projected unit credit method was used as the actuarial method for valuing assets. 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, 2011 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. The UAAL is being amortized as a level dollar amount over 30 years based on an open group.

MURRAY CITY CORPORATION, UTAH
Combining Balance Sheet -- Nonmajor Governmental Funds
June 30, 2011

	Municipal Building Authority	Special Revenue				Permanent		Total Nonmajor Governmental Funds
		Library Fund	Redevelopment Agency	Community Development Block Grant Fund	Cemetery Perpetual Care Fund			
ASSETS								
Cash and cash equivalents	\$ 324	\$ 489,593	\$ 1,656,187	\$ -	\$ 1,321,764	\$ 3,467,868		
Receivables:								
Due from other governments	-	-	-	23,946	-	23,946		
Property taxes	-	1,457,107	-	-	-	1,457,107		
Restricted cash	-	25,452	-	-	-	25,452		
Land held for resale	-	-	20,000	-	-	20,000		
Total assets	\$ 324	\$ 1,972,152	\$ 1,676,187	\$ 23,946	\$ 1,321,764	\$ 4,994,373		
LIABILITIES								
Accounts payable	\$ -	\$ 10,654	\$ 400,000	\$ 11,500	\$ -	\$ 422,154		
Accrued liabilities	-	13,421	-	-	-	13,421		
Deferred revenue	-	1,435,836	-	-	-	1,435,836		
Due to other funds	-	455,822	100,000	11,117	-	566,939		
Total liabilities	-	\$ 1,915,733	\$ 500,000	\$ 22,617	-	\$ 2,438,350		
FUND BALANCE								
Nonspendable	-	-	20,000	-	-	20,000		
Restricted for:								
Library endowment	-	25,452	-	-	-	25,452		
Cemetery perpetual care	-	-	-	-	520,000	520,000		
Assigned	324	30,967	1,156,187	1,329	801,764	1,990,571		
Total fund balance	324	\$ 56,419	\$ 1,176,187	\$ 1,329	\$ 1,321,764	\$ 2,556,023		
Total liabilities and fund balances	\$ 324	\$ 1,972,152	\$ 1,676,187	\$ 23,946	\$ 1,321,764	\$ 4,994,373		

MURRAY CITY CORPORATION, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2011

	Special Revenue					Permanent		Total Nonmajor Governmental Funds
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Block Grant Fund	Cemetery Perpetual Care Fund			
REVENUES								
Taxes	\$ -	\$ 1,563,148	\$ 1,830,905	\$ -	\$ -	\$ -	\$ -	\$ 3,394,053
Intergovernmental	-	16,540	-	135,516	-	-	-	152,056
Perpetual care fees	-	-	-	-	52,200	-	-	52,200
Fines and forfeitures	-	48,047	-	-	-	-	-	48,047
Interest	1	2,412	3,630	-	-	4,060	-	10,103
Miscellaneous	1,000	8,144	-	-	-	-	-	9,144
Total revenues	1,001	1,638,291	1,834,535	135,516	56,260	-	3,665,603	
EXPENDITURES								
Municipal building authority	1,000	-	-	-	-	-	-	1,000
Library	-	1,380,906	-	-	-	-	-	1,380,906
Redevelopment	-	-	597,513	-	-	-	-	597,513
Community & economic development	-	-	-	135,293	-	-	-	135,293
Debt service:								
Interest	-	18,231	-	-	-	-	-	18,231
Total expenditures	1,000	1,399,137	597,513	135,293	-	-	2,132,943	
Excess of revenues over (under) expenditures	1	239,154	1,237,022	223	56,260	-	1,532,660	
OTHER FINANCING SOURCES (USES)								
Transfers out	-	(66,974)	(912,340)	(12,753)	(60,000)	-	(1,052,067)	
Total other financing uses	-	(66,974)	(912,340)	(12,753)	(60,000)	-	(1,052,067)	
Net change in fund balance	1	172,180	324,682	(12,530)	(3,740)	-	480,593	
Fund balance, beginning of year	323	(115,761)	851,505	13,859	1,325,504	-	2,075,430	
Fund balance, end of year	324	\$ 56,419	\$ 1,176,187	\$ 1,329	\$ 1,321,764	\$ -	\$ 2,556,023	

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, 2011

	<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	-	-	1	1
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>1,001</u>	<u>1</u>
<u>EXPENDITURES</u>				
Miscellaneous	1,000	1,000	1,000	-
Total expenditures	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance at beginning of year			<u>323</u>	
Fund balance at end of year			<u>\$ 324</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, 2011

	<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>				
Taxes	\$ 1,560,312	\$ 1,559,509	\$ 1,563,148	\$ 3,639
Intergovernmental	20,000	20,000	16,540	(3,460)
Fines and forfeitures	29,688	30,491	48,047	17,556
Interest income	3,000	3,000	2,412	(588)
Miscellaneous	7,000	7,000	8,144	1,144
Total revenues	<u>1,620,000</u>	<u>1,620,000</u>	<u>1,638,291</u>	<u>18,291</u>
<u>EXPENDITURES</u>				
Salaries and wages	932,477	932,477	914,101	18,376
Building, equipment, and repairs and maintenance	258,942	258,942	255,306	3,636
Books and periodicals	195,000	195,000	193,609	1,391
Capital outlay	600	600	16,497	(15,897)
Miscellaneous	107,769	107,769	1,393	106,376
Debt service				
Principal	105,132	105,132	-	105,132
Interest and administrative charges	18,231	18,231	18,231	-
Total expenditures	<u>1,618,151</u>	<u>1,618,151</u>	<u>1,399,137</u>	<u>219,014</u>
Excess of revenues over expenditures	<u>1,849</u>	<u>1,849</u>	<u>239,154</u>	<u>237,305</u>
<u>OTHER FINANCING USES</u>				
Transfer out	(66,975)	(66,975)	(66,974)	1
Total other financing uses	<u>(66,975)</u>	<u>(66,975)</u>	<u>(66,974)</u>	<u>1</u>
Net change in fund balance	<u>\$ (65,126)</u>	<u>\$ (65,126)</u>	<u>172,180</u>	<u>\$ 237,306</u>
Fund balance at beginning of year			<u>(115,761)</u>	
Fund balance at end of year			<u>\$ 56,419</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, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Taxes	\$ 1,850,475	\$ 1,850,475	\$ 1,830,905	\$ (19,570)
Interest income	12,000	12,000	3,630	(8,370)
Miscellaneous	202,136	202,136	-	(202,136)
Total revenues	<u>2,064,611</u>	<u>2,064,611</u>	<u>1,834,535</u>	<u>(230,076)</u>
<u>EXPENDITURES</u>				
Professional services	260,872	260,872	193,557	67,315
Miscellaneous	446,700	446,700	403,956	42,744
Total expenditures	<u>707,572</u>	<u>707,572</u>	<u>597,513</u>	<u>110,059</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,357,039</u>	<u>1,357,039</u>	<u>1,237,022</u>	<u>(120,017)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfer out	(852,346)	(852,346)	(912,340)	(59,994)
Total other financing sources (uses)	<u>(852,346)</u>	<u>(852,346)</u>	<u>(912,340)</u>	<u>(59,994)</u>
Net change in fund balance	<u>\$ 504,693</u>	<u>\$ 504,693</u>	324,682	<u>\$ (180,011)</u>
Fund balance at beginning of year			<u>851,505</u>	
Fund balance at end of year			<u>\$ 1,176,187</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, 2011

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<u>REVENUES</u>				
Intergovernmental	\$ 357,200	\$ 357,200	\$ 135,516	\$ (221,684)
Total revenues	<u>357,200</u>	<u>357,200</u>	<u>135,516</u>	<u>(221,684)</u>
<u>EXPENDITURES</u>				
Miscellaneous	357,200	351,223	135,293	215,930
Total expenditures	<u>357,200</u>	<u>351,223</u>	<u>135,293</u>	<u>215,930</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>5,977</u>	<u>223</u>	<u>(5,754)</u>
<u>OTHER FINANCING USES</u>				
Transfer out	-	(5,977)	(12,753)	(6,776)
Total other financing uses	<u>-</u>	<u>(5,977)</u>	<u>(12,753)</u>	<u>(6,776)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(12,530)</u>	<u>\$ (12,530)</u>
Fund balance at beginning of year			<u>13,859</u>	
Fund balance at end of year			<u>\$ 1,329</u>	

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, 2011

	<u>Budgeted Amounts</u>		<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental	\$ -	\$ 1,500,000	\$ 1,500,000	\$ -
Interest income	25,000	25,000	15,992	(9,008)
Miscellaneous income	2,238,000	2,238,000	-	(2,238,000)
Total revenues	2,263,000	3,763,000	1,515,992	(2,247,008)
EXPENDITURES				
General government	750,000	750,000	26,779	723,221
Highways and public improvements	263,000	1,763,000	657,502	1,105,498
Debt service				
Principal	1,300,000	1,300,000	968,971	331,029
Interest	100,000	100,000	46,825	53,175
Total debt service	1,400,000	1,400,000	1,015,796	384,204
Total expenditures	2,413,000	3,913,000	1,700,077	2,212,923
Excess (deficiency) of revenues over (under) expenditures	(150,000)	(150,000)	(184,085)	(34,085)
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	150,000	150,000	-
Total other financing sources (uses)	150,000	150,000	150,000	-
Net change in fund balance	\$ -	\$ -	(34,085)	\$ (34,085)
Fund balance at beginning of year			3,653,450	
Fund balance at end of year			\$ 3,619,365	

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, 2011

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget
	Original	Final		
<u>REVENUES</u>				
Perpetual care fees	\$ 37,000	\$ 37,000	\$ 52,200	\$ 15,200
Interest income	12,000	12,000	4,060	(7,940)
Total revenues	<u>49,000</u>	<u>49,000</u>	<u>56,260</u>	<u>7,260</u>
<u>EXPENDITURES</u>				
Miscellaneous	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	<u>49,000</u>	<u>49,000</u>	<u>56,260</u>	<u>7,260</u>
<u>OTHER FINANCING USES</u>				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing uses	<u>(60,000)</u>	<u>(60,000)</u>	<u>(60,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ (11,000)</u>	<u>\$ (11,000)</u>	<u>(3,740)</u>	<u>\$ 7,260</u>
Fund balance at beginning of year			<u>1,325,504</u>	
Fund balance at end of year			<u>\$ 1,321,764</u>	

MURRAY CITY CORPORATION, UTAH
Statement of Net Assets – Internal Service Funds
June 30, 2011

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 34,580	\$ 1,401,538	\$ 1,436,118
Receivables - accounts	63,233	-	63,233
Inventories	68,645	-	68,645
Total current assets	166,458	1,401,538	1,567,996
Noncurrent assets:			
Capital assets:			
Machinery and equipment	161,743	-	161,743
Less: accumulated depreciation	(102,288)	-	(102,288)
Total noncurrent assets	59,455	-	59,455
Total assets	\$ 225,913	\$ 1,401,538	\$ 1,627,451
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 86,451	\$ 2,340	\$ 88,791
Accrued liabilities	4,549	250,000	254,549
Compensated absences	14,758	-	14,758
Total current liabilities	105,758	252,340	358,098
Noncurrent liabilities:			
Compensated absences	18,707	-	18,707
Net OPEB payable	31,972	-	31,972
Total noncurrent liabilities	50,679	-	50,679
Total liabilities	156,437	252,340	408,777
<u>NET ASSETS</u>			
Invested in capital assets	59,455	-	59,455
Unrestricted	10,021	1,149,198	1,159,219
Total net assets	69,476	1,149,198	1,218,674
Total liabilities and net assets	\$ 225,913	\$ 1,401,538	\$ 1,627,451

MURRAY CITY CORPORATION, UTAH
Statement of Revenues, Expenses, and Changes in Fund Net Assets –
Internal Service Funds
For the Year Ended June 30, 2011

	Central Garage Fund	Retained Risk Reserve Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 359,700	\$ 733,394	\$ 1,093,094
Other - insurance claim proceeds	-	13,025	13,025
Total operating revenues	359,700	746,419	1,106,119
<u>OPERATING EXPENSES</u>			
Administration and general	355,555	195	355,750
Depreciation and amortization	3,877	-	3,877
Self insurance claims	-	144,496	144,496
Insurance premiums	1,909	466,112	468,021
Total operating expenses	361,341	610,803	972,144
Operating income (loss)	(1,641)	135,616	133,975
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	-	3,590	3,590
Gain/(loss) on disposal of assets	1,641	-	1,641
Total nonoperating revenues (expenses)	1,641	3,590	5,231
Income (loss) before transfers	-	139,206	139,206
Transfers out	-	(15,932)	(15,932)
Change in net assets	-	123,274	123,274
Total net assets - beginning	69,476	1,025,924	1,095,400
Total net assets - ending	\$ 69,476	\$ 1,149,198	\$ 1,218,674

MURRAY CITY CORPORATION, UTAH
Statement of Cash Flows – Internal Service Funds
For the Year Ended June 30, 2011

	Central Garage Fund	Retained Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 344,512	\$ 733,394	\$ 1,077,906
Proceeds from insurance claim	-	13,025	13,025
Payments to suppliers	(111,924)	(564,504)	(676,428)
Payments to employees	(270,381)	-	(270,381)
Net cash provided (used) by operating activities	<u>(37,793)</u>	<u>181,915</u>	<u>144,122</u>
Cash flows from noncapital financing activities			
Transfers to other funds	-	(15,932)	(15,932)
Net cash used by noncapital financing activities	<u>-</u>	<u>(15,932)</u>	<u>(15,932)</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(11,061)	-	(11,061)
Proceeds from sale of assets	1,641	-	1,641
Net cash used by capital and related financing activities	<u>(9,420)</u>	<u>-</u>	<u>(9,420)</u>
Cash flows from investing activities			
Interest and dividends received	-	3,590	3,590
Net cash provided by investing activities	<u>-</u>	<u>3,590</u>	<u>3,590</u>
Net increase (decrease) in cash and cash equivalents	<u>(47,213)</u>	<u>169,573</u>	<u>122,360</u>
Cash and cash equivalents, beginning of year	<u>81,793</u>	<u>1,231,965</u>	<u>1,313,758</u>
Cash and cash equivalents, end of year	<u>\$ 34,580</u>	<u>\$ 1,401,538</u>	<u>\$ 1,436,118</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (1,641)	\$ 135,616	\$ 133,975
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,877	-	3,877
Changes in assets and liabilities:			
Receivables	(15,188)	-	(15,188)
Inventories	(30,309)	-	(30,309)
Accounts payable	51,870	(3,701)	48,169
Accrued liabilities	(46,961)	50,000	3,039
Compensated absences & OPEB	559	-	559
Net cash provided (used) by operating activities	<u>\$ (37,793)</u>	<u>\$ 181,915</u>	<u>\$ 144,122</u>

MURRAY CITY CORPORATION, UTAH
Combining Statement of Net Assets – Nonmajor Proprietary Funds
June 30, 2011

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 231,672	\$ 411,083	\$ 642,755
Receivables:			
Accounts	-	108,109	108,109
Inventories	87,424	-	87,424
Total current assets	<u>319,096</u>	<u>519,192</u>	<u>838,288</u>
Noncurrent assets:			
Capital assets:			
Land	326,336	-	326,336
Buildings	797,534	-	797,534
Improvements other than buildings	3,734,149	-	3,734,149
Machinery and equipment	826,127	-	826,127
Accumulated depreciation	(4,420,198)	-	(4,420,198)
Net capital assets	<u>1,263,948</u>	<u>-</u>	<u>1,263,948</u>
Total assets	<u>\$ 1,583,044</u>	<u>\$ 519,192</u>	<u>\$ 2,102,236</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 13,196	\$ 62,357	\$ 75,553
Accrued liabilities	29,715	-	29,715
Accrued interest payable	614	-	614
Compensated absences	40,769	-	40,769
Bonds and leases payable	41,461	-	41,461
Total current liabilities	<u>125,755</u>	<u>62,357</u>	<u>188,112</u>
Noncurrent liabilities:			
Compensated absences	68,121	-	68,121
Net OPEB payable	79,931	-	79,931
Total noncurrent liabilities	<u>148,052</u>	<u>-</u>	<u>148,052</u>
Total liabilities	<u>273,807</u>	<u>62,357</u>	<u>336,164</u>
<u>NET ASSETS</u>			
Invested in capital assets, net of related debt	1,222,487	-	1,222,487
Unrestricted	86,750	456,835	543,585
Total net assets	<u>1,309,237</u>	<u>456,835</u>	<u>1,766,072</u>
Total liabilities and net assets	<u>\$ 1,583,044</u>	<u>\$ 519,192</u>	<u>\$ 2,102,236</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, 2011

	<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	\$ 553,184	\$ 961,257	\$ 1,514,441
Green fees	793,761	-	793,761
Other	-	590	590
Total operating revenues	<u>1,346,945</u>	<u>961,847</u>	<u>2,308,792</u>
<u>OPERATING EXPENSES</u>			
Administration and general	101,627	-	101,627
Depreciation and amortization	186,748	-	186,748
Operations and maintenance	1,323,516	942,255	2,265,771
Total operating expenses	<u>1,611,891</u>	<u>942,255</u>	<u>2,554,146</u>
Operating income (loss)	<u>(264,946)</u>	<u>19,592</u>	<u>(245,354)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Interest income	1,265	1,265	2,530
Interest expense	(2,042)	-	(2,042)
Gain/(loss) on disposal of assets	950	-	950
Total nonoperating revenues (expenses)	<u>173</u>	<u>1,265</u>	<u>1,438</u>
Income before transfers	<u>(264,773)</u>	<u>20,857</u>	<u>(243,916)</u>
Transfers out	<u>(22,000)</u>	<u>-</u>	<u>(22,000)</u>
Change in net assets	<u>(286,773)</u>	<u>20,857</u>	<u>(265,916)</u>
Total net assets - beginning	<u>1,596,010</u>	<u>435,978</u>	<u>2,031,988</u>
Total net assets - ending	<u>\$ 1,309,237</u>	<u>\$ 456,835</u>	<u>\$ 1,766,072</u>

MURRAY CITY CORPORATION, UTAH
Combining Statement of Cash Flows – Nonmajor Proprietary Funds
For the Year Ended June 30, 2011

	<u>Enterprise Funds</u>		<u>Total</u>
	<u>Murray Parkway Recreation Fund</u>	<u>Solid Waste Management Fund</u>	
Cash flows from operating activities			
Receipts from customers and users	\$ 1,346,945	\$ 897,264	\$ 2,244,209
Payments to suppliers	(770,348)	(944,889)	(1,715,237)
Payments to employees	(585,259)	-	(585,259)
Net cash used by operating activities	<u>(8,662)</u>	<u>(47,625)</u>	<u>(56,287)</u>
Cash flows from noncapital financing activities			
Transfers from (to) other funds	(22,000)	-	(22,000)
Net cash used by noncapital financing activities	<u>(22,000)</u>	<u>-</u>	<u>(22,000)</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	(83,568)	-	(83,568)
Proceeds from sale of assets	950	-	950
Interest paid on capital debt	(2,637)	-	(2,637)
Principal paid on debt	(39,743)	-	(39,743)
Net cash used by capital and related financing activities	<u>(124,998)</u>	<u>-</u>	<u>(124,998)</u>
Cash flows from investing activities			
Interest and dividends received	1,265	1,265	2,530
Net cash provided by investing activities	<u>1,265</u>	<u>1,265</u>	<u>2,530</u>
Net decrease in cash and cash equivalents	(154,395)	(46,360)	(200,755)
Cash and cash equivalents, beginning of year	386,067	457,443	843,510
Cash and cash equivalents, end of year	<u>\$ 231,672</u>	<u>\$ 411,083</u>	<u>\$ 642,755</u>
Reconciliation of operating income (loss) to net cash provided by operating activities			
Operating income (loss)	\$ (264,946)	\$ 19,592	\$ (245,354)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	186,748	-	186,748
Changes in assets and liabilities:			
Accounts receivable	-	(64,583)	(64,583)
Inventories	45,286	-	45,286
Accounts payable	(6,971)	(2,634)	(9,605)
Accrued liabilities	2,874	-	2,874
Compensated absences & OPEB	28,347	-	28,347
Net cash used by operating activities	<u>\$ (8,662)</u>	<u>\$ (47,625)</u>	<u>\$ (56,287)</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.	80
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.	88
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.	92
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.	96
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.	98

MURRAY CITY CORPORATION
Schedule 1

Net Assets by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Governmental activities										
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	\$ 55,550
Restricted	7,557	2,559	2,202	1,899	1,900	520	520	6,295	3,432	4,151
Unrestricted	12,289	13,451	15,689	18,077	20,642	18,270	22,141	8,984	10,222	14,273
Total governmental net assets	\$ 42,716	\$ 44,780	\$ 46,234	\$ 49,518	\$ 74,817	\$ 71,698	\$ 75,564	\$ 74,769	\$ 72,081	\$ 73,974

Business-type activities										
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	\$ 55,429
Restricted	2,121	2,155	4,283	314	314	-	-	1,003	1,000	1,005
Unrestricted	4,610	2,102	3,189	18,453	16,911	16,279	18,306	16,660	14,758	16,389
Total business-type net assets	\$ 56,018	\$ 57,802	\$ 57,045	\$ 57,960	\$ 59,511	\$ 72,706	\$ 71,575	\$ 70,737	\$ 67,586	\$ 72,823

Primary government										
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	\$ 110,979
Restricted	9,679	4,714	6,485	2,213	2,214	520	520	7,298	4,432	5,157
Unrestricted	16,899	15,553	18,878	36,530	37,553	34,549	40,447	25,644	24,980	30,662
Total primary government net assets	\$ 98,734	\$ 102,582	\$ 103,279	\$ 107,478	\$ 134,328	\$ 144,404	\$ 147,139	\$ 145,506	\$ 139,667	\$ 146,798

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

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Expenses										
Governmental activities										
General government	\$ 4,065	\$ 4,137	\$ 4,075	\$ 4,054	\$ 4,557	\$ 5,090	\$ 5,536	\$ 9,033	\$ 9,821	\$ 10,198
Public safety	12,417	12,392	13,214	13,877	14,387	15,758	15,990	18,182	18,459	17,790
Highways & public improvements	4,748	4,459	4,874	3,724	7,430	5,915	5,212	6,066	7,358	6,552
Parks, recreation & public property	3,348	2,908	5,563	6,084	6,557	6,705	6,297	5,922	6,118	6,007
Library	1,128	1,139	1,259	1,380	1,468	1,478	1,444	1,343	1,599	1,473
Community & economic development	2,226	385	526	684	607	434	777	942	676	725
Interest on long term debt	653	782	764	774	709	427	489	559	621	548
Total governmental expenses	28,585	26,202	30,275	30,577	35,715	35,807	35,745	42,047	44,652	43,293
Business-type activities										
Power	37,518	30,597	30,183	30,428	32,394	33,585	35,397	35,358	32,420	32,432
Water	3,249	3,368	3,752	4,047	3,663	4,023	3,520	4,223	5,998	4,887
Waste water	2,642	2,926	2,945	3,033	3,404	3,354	2,746	3,563	3,274	2,732
Golf course	1,961	1,570	1,448	1,469	1,398	1,729	1,538	1,574	1,485	1,614
Telecomm/Storm Water in 2007	178	215	214	-	-	1,463	1,382	1,392	1,421	1,691
Solid waste	642	299	1,013	683	742	782	711	832	806	942
Total business-type net assets	46,190	38,975	39,555	39,660	41,601	44,936	45,294	46,942	45,404	44,298
Total primary government expenses	\$ 74,775	\$ 65,177	\$ 69,830	\$ 70,237	\$ 77,316	\$ 80,743	\$ 81,039	\$ 88,989	\$ 90,056	\$ 87,591
Program revenues										
Charges for services										
General government	\$ 4,242	\$ 3,553	\$ 3,963	\$ 4,303	\$ 3,272	\$ 3,386	\$ 3,616	\$ 5,964	\$ 5,926	\$ 6,149
Public safety	333	248	161	234	338	323	340	867	644	1,500
Highways & public improvements	-	-	-	-	-	-	-	97	85	78
Parks & recreation	746	1,013	1,313	1,404	1,505	1,689	1,702	1,632	1,702	1,877
Library	24	28	28	27	36	35	40	46	48	48
Community & economic development	491	711	670	1,743	798	1,041	-	-	-	-
Operating grants & contributions	184	-	307	370	457	555	365	457	406	1,385
Capital grants & contributions	1,616	1,741	1,613	1,366	1,491	14,893	1,591	1,232	2,179	2,472
Total governmental program revenues	7,636	7,294	8,055	9,447	7,897	21,922	7,654	10,295	10,990	13,509

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
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
2011	9,823,237	12,589,925	4,924,741	104,295		27,442,198

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 accrual basis of accounting)
(amounts expressed in thousands)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General fund										
Reserved	\$ 600	\$ 184	\$ 1,580	\$ 1,745	\$ 1,280	\$ 3,065	\$ 3,035	\$ 2,459	\$ 1,490	\$ -
Unreserved	5,873	4,145	4,032	6,233	7,781	8,092	5,962	7,060	7,522	-
Nonspendable	-	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	-	2,159
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	10,546
Total General Fund	\$ 6,473	\$ 4,329	\$ 5,612	\$ 7,978	\$ 9,061	\$ 11,157	\$ 8,997	\$ 9,519	\$ 9,012	\$ 12,705
All other governmental funds										
Reserved	\$ 2,548	\$ 2,149	\$ 1,949	\$ 1,978	\$ 1,952	\$ 575	\$ 576	\$ 5,077	\$ 3,028	\$ -
Unreserved	3,321	1,426	1,722	1,617	1,572	4,461	4,779	2,447	2,701	-
Nonspendable	-	-	-	-	-	-	-	-	-	20
Restricted	-	-	-	-	-	-	-	-	-	1,992
Assigned	-	-	-	-	-	-	-	-	-	4,163
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	\$ 5,869	\$ 3,575	\$ 3,671	\$ 3,595	\$ 3,524	\$ 5,036	\$ 5,355	\$ 7,524	\$ 5,729	\$ 6,175

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

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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Revenues										
Taxes & special assessments	\$ 21,505	\$ 20,228	\$ 22,837	\$ 24,845	\$ 25,247	\$ 27,644	\$ 27,939	\$ 26,181	\$ 27,222	\$ 27,442
Licenses & permits	802	1,052	1,025	2,235	1,449	1,659	1,629	1,236	1,180	1,439
Intergovernmental	2,081	1,952	1,920	1,736	1,948	2,099	1,956	1,688	2,585	3,423
Charges for services	1,202	1,365	1,586	1,776	1,985	2,122	2,043	5,586	5,434	6,256
Fines & forfeitures	1,475	1,842	2,150	2,384	2,300	2,477	2,026	1,784	1,791	1,958
Rents & concessions	757	747	1,060	1,326	1,314	1,297	-	-	-	-
Miscellaneous	298	205	492	203	202	325	269	1,181	734	196
Interest	651	439	434	464	727	1,026	905	496	391	306
Total revenues	28,771	27,830	31,504	34,969	35,172	38,649	36,767	38,152	39,337	41,020
Expenditures										
General government	2,536	4,069	4,302	4,566	5,105	5,407	5,212	7,969	7,991	7,952
Public safety	11,827	11,744	12,534	13,194	14,624	16,166	16,003	19,804	16,927	16,719
Highways & public improvements	4,330	4,321	4,243	3,274	5,734	3,186	2,707	2,526	4,062	3,932
Parks & recreation	3,061	3,416	4,802	5,328	5,621	6,003	5,286	5,484	5,273	5,276
Library	1,230	1,242	1,362	1,514	1,540	1,549	1,582	1,363	1,467	1,381
Community & economic development	594	249	258	201	237	33	37	157	102	135
Redevelopment	163	135	267	477	369	400	598	784	573	589
Municipal building authority	-	-	-	-	-	-	-	-	1	1
Capital outlay	12,403	5,864	4,095	2,967	231	1,371	8,358	4,342	5,134	1,058
Principal	796	585	935	1,260	1,300	1,340	1,305	1,723	2,066	2,634
Interest	606	777	745	772	713	448	515	515	659	589
Bond issuance costs	207	-	-	-	-	159	-	141	-	-
Pledge payment - interlocal agreement	-	-	-	-	-	-	-	-	821	1,123
Total expenditures	37,753	32,402	33,543	33,553	35,474	36,062	41,603	44,808	45,076	41,389
Excess of revenues over (under) expenditures	(8,982)	(4,572)	(2,039)	1,416	(302)	2,587	(4,836)	(6,656)	(5,739)	(369)

MURRAY CITY CORPORATION
Schedule 6
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ending June 30	Total Real Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Real Taxable Value	Assessed Value as a % of Actual Value
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%
2011	3,516,872,832	1.74	6,218,000,000	56.6%

Source: Salt Lake County Auditor's Office

Note: All property in Salt Lake County is assessed annually. All real property is assessed at its fair market value with a 45% reduction in fair market value allowed for primary residential property. Tax rates are per \$1,000 of assessed value. Business personal property is self assessed annually and is not included above.

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

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
2002	0.00154	0.00588	0.00039	0.00203	0.00001	0.00040
2003	0.00149	0.00647	0.00038	0.00294	0.00002	0.00040
2004	0.00151	0.00651	0.00038	0.00287	0.00003	0.00036
2005	0.00150	0.00664	0.00051	0.00282	0.00003	0.00035
2006	0.00145	0.00653	0.00049	0.00268	0.00003	0.00040
2007	0.00177	0.00595	0.00043	0.00235	0.00003	0.00040
2008	0.00152	0.00509	0.00037	0.00199	0.00002	0.00030
2009	0.00142	0.00479	0.00035	0.00192	0.00002	0.00029
2010	0.00163	0.00552	0.00040	0.00228	0.00003	0.00040
2011	0.00174	0.00593	0.00042	0.00259	0.00005	0.00042

Source: Salt Lake County

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

Taxpayer	2011			2002		
	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	\$ 1,385,930	1	11.01%	\$ -		-----
Clothing Store	562,489	2	4.47%	391,144	5	3.08%
Furniture Store	523,482	3	4.16%	636,571	2	5.01%
Auto Sales	453,554	4	3.60%	-		-----
Auto Sales	364,458	5	2.89%	-		-----
Warehouse Store	334,248	6	2.65%	561,363	3	4.42%
Electronics Store	317,652	7	2.52%	-		-----
Auto Sales	314,669	8	2.50%	303,456	7	2.39%
Auto Sales	258,940	9	2.06%	-		-----
Department Store	237,280	10	1.88%	277,998	8	2.19%
Auto Sales	229,756	11	1.82%	-		-----
Municipality	224,428	12	1.78%	188,142	11	1.48%
Building Materials	212,299	13	1.69%	199,102	10	1.57%
Electrical Supplies	202,725	14	1.61%	-		-----
Auto Sales	198,490	15	1.58%	-		-----
Auto Sales				1,238,530	1	9.74%
Department Store				456,881	4	3.59%
Auto Sales				339,023	6	2.67%
Food Retailer				224,706	9	1.77%
Telecommunications				184,964	12	1.46%
Auto Sales				181,649	13	1.43%
Auto Sales				180,161	14	1.42%
Auto Sales				174,446	15	1.37%
Total	\$ 5,820,399		46.23%	\$ 5,538,136		43.57%

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	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2002	\$ 3,339,529	\$ 3,236,133	96.90%	\$ 101,704	\$ 3,337,837	99.95%
2003	3,370,383	3,266,544	96.92%	103,839	\$ 3,370,383	100.00%
2004	4,050,520	3,895,765	96.18%	154,755	\$ 4,050,520	100.00%
2005	4,213,642	4,131,312	98.05%	82,330	\$ 4,213,642	100.00%
2006	4,252,740	4,125,737	97.01%	102,529	\$ 4,228,266	99.42%
2007	5,961,277	5,803,417	97.35%	103,957	\$ 5,907,374	99.10%
2008	5,680,958	5,382,672	94.75%	93,451	\$ 5,476,123	96.39%
2009	5,979,944	5,764,695	96.40%	138,302	\$ 5,902,997	98.71%
2010	5,863,420	5,669,616	96.69%	133,031	\$ 5,802,647	98.96%
2011	5,903,086	5,779,782	97.91%	-	\$ 5,779,782	97.91%

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			
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	2.58%	932
2011	11,850,000	269,149	26,130,000	220,314	38,469,463	2.16%	823

MURRAY CITY CORPORATION
Schedule 11
Direct and Overlapping Governmental Activities Debt
As of June 30, 2011

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$ 20,515,000	100.00%	\$ 20,515,000
Salt Lake County General Obligation Debt	256,300,000	4.54%	11,636,020
Other debt			
Salt Lake County Sales Tax Bonds	107,700,000	4.54%	4,889,580
Salt Lake County Lease Revenue Bonds	89,900,000	4.54%	4,081,460
Salt Lake County Capital Leases	500,000	4.54%	22,700
Salt Lake County Special Assessment Bonds	3,100,000	4.54%	140,740
Salt Lake County Transportation Rev. Bonds	77,600,000	4.54%	3,523,040
Salt Lake County Notes Payable	8,100,000	4.54%	367,740
Subtotal, overlapping debt			<u>45,176,280</u>
Murray City direct debt			12,119,149
Total direct and overlapping debt			<u><u>\$ 57,295,429</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)

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt limit	\$ 225,600	\$ 229,600	\$ 286,240	\$ 297,600	\$ 309,040	\$ 353,600	\$ 418,000	\$ 486,000	\$ 431,040	\$ 497,440
Total net debt applicable to limit	19,661	18,977	29,739	39,085	48,960	45,620	42,815	44,285	41,070	37,980
Legal debt margin	\$ 205,939	\$ 210,623	\$ 256,501	\$ 258,515	\$ 260,080	\$ 307,980	\$ 375,185	\$ 441,715	\$ 389,970	\$ 459,460

Total net debt applicable to the limit as a percentage of debt limit	8.71%	8.27%	10.39%	13.13%	15.84%	12.90%	10.24%	9.11%	9.53%	7.64%
--	-------	-------	--------	--------	--------	--------	--------	-------	-------	-------

Legal Debt Margin Calculation for Fiscal Year 2011

Total reasonable fair cash value	<u>\$6,218,000</u>
Debt limit (8% of fair cash value)	497,440
Debt applicable to debt limit	37,980
Legal debt margin	<u><u>\$ 459,460</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

2004, 2006, 2011 Electric Revenue Bonds

Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Net Available Revenues	Debt Service		Coverage
				Principal	Interest	
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	1,315,000	1,003,759	2.66
2011	36,527,393	28,380,854	8,146,539	1,360,000	946,684	3.53

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	340,000	309,788	1.78
2011	10,022,697	6,188,768	3,833,929	350,000	299,000	5.91

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)
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	1,715,068,760	37,276	6.3%
2011	46,746	1,777,329,666	38,021	7.3%

(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, 2011

Employer	Industry Type	Employees	Rank
Intermountain Medical Center	Health Care	4463	1
Murray City School District	Public Education	894	2
Murray City Corporation	City Government	848	3
SelectHealth	Health Care	800	4
IHC Health Services	Health Care	757	5
University of Phoenix	Education	499	6
3M Health Information Systems	Data Processing Services	377	7
Costco Wholesale Corp	Retailer	331	8
Nordstrom, Inc	Retailer	291	9
Sorenson Bio Science	Manufacturer of Plastic Products	218	10

Source: Murray City Business Licensing

Note: Principal employers for 9 years prior is not available.

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

Function/Program	Full Time Equivalent Employees as of June 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Government	62	66	66	68	66	65	59	59	63	60
Police										
Officers	67	70	72	75	75	78	78	75	77	79
Civilians	17	17	17	17	17	17	17	18	14	12
Fire										
Firefighters	50	50	50	50	50	52	52	59	61	60
Civilians	2	2	2	2	2	2	2	3	2	2
Highways & Public Improvements	38	38	40	40	42	36	35	35	34	34
Parks & Recreation	31	34	34	34	34	34	34	34	33	33
Library	10	10	10	10	10	10	9	9	12	9
Community & Economic Development	6	6	6	5	5	5	4	4	5	5
Fleet	6	6	6	5	5	4	4	4	4	4
Power	59	55	56	54	54	54	54	55	55	52
Water	16	17	16	16	16	16	16	16	17	16
Wastewater	10	9	10	10	9	9	8	9	9	8
Golf Course	9	9	9	9	9	9	8	8	10	8
Storm Water	0	0	0	0	0	6	6	7	6	7
Total Full Time Equivalent Employees	383	389	394	395	394	397	386	395	402	389
Seasonal Employees	393	503	555	574	543	575	560	579	514	459
Total Employees	776	892	949	969	937	972	946	974	916	848

MURRAY CITY CORPORATION
Schedule 17

Operating Indicators by Function
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Physical arrests	3,654	3,528	4,318	4,563	4,260	2,549	2,194	2,588	2,735	2,484
Traffic citations	-	7,746	11,429	13,588	11,959	6,935	6,666	8,141	8,057	8,694
Fire										
Fire calls	1,148	1,163	1,030	1,086	1,261	1,252	1,261	1,496	1,306	1,231
Medical calls	3,489	3,473	3,141	3,490	3,456	3,687	3,962	3,741	3,801	3,781
Inspections	1,144	1,310	1,266	1,132	1,176	1,200	1,261	794	1,309	2,017
Parks & recreation										
Park center admissions	2,522	18,539	30,317	32,074	34,000	33,257	43,272	34,000	46,744	38,451
Recreation participants	12,100	13,653	14,873	15,581	15,320	15,484	16,447	17,779	15,402	14,242
Library										
Volumes in collection	81,715	82,335	82,602	81,643	85,861	84,236	86,723	90,627	86,892	85,100
Total volumes borrowed	294,418	307,901	340,622	352,306	339,282	365,855	406,842	418,169	524,179	524,487
Water										
Customers	9,229	9,310	9,356	9,304	9,456	9,490	9,825	9,890	9,932	9,946
Annual consumption (in millions of gallons)	2,836	2,729	2,711	3,234	2,750	3,865	3,344	3,784	2,519	2,650
Sewer										
Customers	8,627	8,722	8,784	8,817	8,953	8,966	8,977	9,151	9,181	9,181
Power										
Customers	15,938	15,999	16,087	16,112	16,269	16,500	16,546	16,637	16,671	16,701
Peak demand (KW)	89,980	93,150	98,300	93,310	98,560	98,246	107,110	98,327	97,000	97,490
Internal generation (MWH)	93,876	50,014	42,411	25,729	27,655	53,055	62,038	21,261	23,031	17,546
Purchased power (MWH)	305,859	331,056	397,312	369,312	383,825	361,917	449,567	448,487	412,385	412,943

MURRAY CITY CORPORATION
Schedule 18

Capital Asset Statistics by Function
Last Ten Fiscal Years

Function/Program	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Police										
Stations	1	1	1	1	1	1	1	2	2	2
Patrol units	36	36	38	38	38	40	41	42	41	41
Fire stations	3	3	3	3	3	3	3	4	4	4
Public works										
Streets(miles)	136	142	142	143	143	144	144	144	144	144
Streetlights	2385	2409	2454	2458	2489	2584	2505	2610	2574	2584
Parks & recreation										
Acreage	149	259	259	259	259	259	259	252	252	252
Parks	10	10	10	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	0	1	1	1	1	1	1	1	1	1
Water										
Water mains(miles)	176	176	177	178	178	179	183	185	185	192
Wastewater										
Sanitary sewers(miles)	121	122	124	125	125	125	124	128	128	128
Power										
Generators	4	4	4	4	4	4	5	5	5	5
Substations	4	4	4	4	4	5	5	6	6	6

COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS 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 financial statements of Murray City Corporation, Utah (the City), as of and for the year ended June 30, 2011, and have issued our report thereon dated November 30, 2011. 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 first paragraph of this section and was not designed to 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 financial reporting that we consider to be material weaknesses, as defined above.

However, we noted certain deficiencies in internal controls over financial reporting, described in the accompanying Schedule of Finding and Responses as item 11-1 that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We did not audit the City's response and, accordingly, we express no opinion on it.

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 grant agreements, 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Responses as items 11-3, 11-4, and 11-5.

We noted certain matters that we reported to management of the City in the accompanying Schedule of Findings and Responses as item 11-2.

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

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.

November 30, 2011

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS' REPORT ON COMPLIANCE IN ACCORDANCE WITH THE STATE OF UTAH LEGAL COMPLIANCE AUDIT GUIDE

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

We have audited Murray City's compliance with general and major state program compliance requirements described in the *State of Utah Legal Compliance Audit Guide* for the year ended June 30, 2011. The general compliance requirements applicable to the City are identified as follows:

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

The City received the following major assistance programs from the State of Utah:

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

Compliance with the requirements referred to above is the responsibility of the City's management. 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; the standards applicable to financial audits contained in the *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State of Utah Legal Compliance Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above could have a material effect on the major assistance programs or general compliance requirements identified above. 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, Murray City Corporation, Utah complied, in all material respects, with the general compliance requirements identified above and the compliance requirements that are applicable to each of its major state programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which are described in the accompanying Schedule of Findings and Responses as items 11-3, 11-4, and 11-5.

Management's response to the findings identified in our audit is described in the Schedule of Findings and Responses. We did not audit management'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 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.

November 30, 2011

MURRAY CITY CORPORATION
Schedule of Findings and Responses
Year Ended June 30, 2011

Financial Statement Audit – Significant Deficiencies

11-1 Inadequate Recognition of Accounting Transactions and

Finding:

During the performance of our audit engagement procedures, we noted management had not adjusted all account balances to reflect appropriate year-end balances. This is a necessary step to ensure the financial statements are fairly stated. As a result, certain material adjustments were required as part of the audit process. Management subsequently recorded the amounts after discussion and review with its auditors of adjustments proposed by them. The City's internal control policies and procedures did not appear to prevent or detect these misstatements. We, therefore, concluded there is a significant deficiency in the City's internal control policies and procedures.

Recommendation:

We recommend the City completely account for all financial transactions and adjustments in a timely manner and reconcile applicable general ledger accounts to supporting schedules as applicable.

Management's Response:

Management has established procedures for recording financial transactions and adjustments in an accurate and timely fashion. Included in these procedures are yearend checklists. Due to major personnel changes within the department some adjustments were not made as timely as required. These difficulties should correct themselves in the future as staff becomes more knowledgeable about necessary procedures.

Financial Statement Audit – Other Matters

11-2 Improper Coding of Expenditures and Inadequate Reconciliations

Finding:

We observed and noted during our audit that various Parks and Recreation accounts were improperly coded or were not properly updated. Specifically, we noted expenditures being coded as receivables (an asset account), which is not in accordance with generally accepted accounting principles. In addition, we noted deferred revenue accounts that were not reconciled from the CLASS system to the City's general ledger account, thus, misstating revenues and liabilities. These errors were not material; nevertheless, to make the financial statements meaningful and proper, care should be taken to properly and consistently classify expenditures and deferred revenues/revenues. The correct coding of all expenditures and revenues is essential for accurate and useful financial statements.

Recommendation:

We recommend the City properly code and report expenditures and also reconcile general ledger accounts with subledgers, when applicable.

MURRAY CITY CORPORATION
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2011

Financial Statement Audit – Other Matters (Continued)

11-2 Improper Coding of Expenditures and Inadequate Reconciliations (Continued)

Management's Response:

Current management has been stressing the proper coding of expenditure and revenue transactions. The current City's budget has also given attention to proper accounting for City financial transactions. Staff has been instructed to properly code and report expenditures as well as reconcile general ledger accounts with subledgers where applicable.

State Legal Compliance Findings

Requirement/Program

Current Year Findings

11-3 Unclaimed Property

Finding: In accordance with *Utah Code* 67-4a-210 and 301, a governmental entity holding intangible property for more than one year after the property became payable or distributable must report and remit the property to the State Treasurer's Office , Division of Unclaimed Property, by November 1 for the preceding June 30th fiscal year end. The City did not remit and report their unclaimed property for the June 30, 2010 year end.

Recommendation: The City should annually remit and report all qualifying unclaimed property to the State Treasurer's Office, Division of Unclaimed Property, as required by State law.

Management's Response: It has been the practice of the City to annually report any qualifying unclaimed property to the State. Due to major personnel changes there was a misunderstanding of the due date for this report. It has now been filed with the State and there is no reason to believe it will not be timely filed in the future.

MURRAY CITY CORPORATION
Schedule of Findings and Responses (Continued)
Year Ended June 30, 2011

State Legal Compliance Findings (Continued)

Requirement/Program

Current Year Findings

11-4 Fund Balance

Finding: In accordance with *Utah Code* 10-6-116(2), the maximum General Fund aggregated unassigned, assigned, and committed fund balance may not exceed 18% of next year's total general fund budgeted revenues minus any beginning fund balance appropriated. At June 30, 2011, the City's aggregated unassigned, assigned, and committed fund balance less that already appropriated for FY2012 totaled 24.9%.

Recommendation: The City should amend their FY2012 budget as necessary to appropriate the excess fund balance as described above in order to comply with State law.

Management's Response: Uncertainty of the impact of economic conditions on the revenues of the City prompted very conservative fiscal year 2011 budgeting. Management did not expect to have such favorable general fund balances at year end. Certainly this gives the City an opportunity to amend the FY2012 budget using resources toward projects that are currently being identified in a strategic planning process which has been undertaken within the City.

11-5 Justice Court Trust

Finding: In accordance with *Utah Code* 78A-7-121(4), a trust account used to account for Justice court bails, restitutions, unidentified receipts, and other moneys requiring special accounting should be reconciled at least quarterly by the governing body. We noted during our audit that these reconciliations are not being timely performed or done on a quarterly basis. Furthermore, it was noted that there were \$57,029 of reconciling items, dating from August 2010 through June 2011, outstanding at June 30, 2011 that have not been properly updated in the Court's CORIS system.

Recommendation: The City should regularly reconcile their Court Trust account, at least quarterly, between CORIS and the City's general ledger account. In addition, the Court should ensure that reconciling items or Trust disbursements are timely updated in CORIS.

Management's Response: The Court has been in the process of moving the City's standalone Court data system to complete implementation within the Statewide Court CORIS System. Complete, timely and accurate reconciliation of Court financial transactions is expected when full implementation is achieved. Any old unreconciled items left from prior to implementation will be reported correctly with help from State CORIS personnel if necessary.

CONTINUING DISCLOSURE SECTION

MURRAY CITY CORPORATION
Continuing Disclosure-For all Revenue and Excise Tax Bonds of Murray City, Utah
Fiscal Year Ending June 30, 2011

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, 2011

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, 2011.

- Taxes-Approximately 67% of the general fund's revenues are from taxes (approximately 53% from sales and use taxes; approximately 27% from general property taxes; approximately 20% from franchise taxes.)
- Fines and Forfeitures-Approximately 5% of the general fund revenues are collected from fines and forfeitures.
- Charges for Services-Approximately 17% of general fund revenues are from charges for services
- Intergovernmental Revenues-Approximately 5% of general fund revenues are from state and federal grants and shared revenues.
- Licenses and Permits-Approximately 4% 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>
2011	\$12,589,925	0.58%
2010	\$12,517,564	2.19%
2009	\$12,249,134	-12.14%
2008	\$13,941,921	-0.42%
2007	\$14,001,006	3.98%
2006	\$13,464,760	8.97%
2005	\$12,356,922	4.09%
2004	\$11,871,387	7.02%
2003	\$11,092,873	-6.44%
2002	\$11,856,499	0.65%

MURRAY CITY CORPORATION
Continuing Disclosure-Sales Tax Bonds Series 2007 and 2009
Fiscal Year Ending June 30, 2011

Table 2
Murray City General Fund
Balance Sheet
(Unaudited)

	2007	2008	2009	2010	2011
Assets					
Cash & equivalents	\$ 9,299,325	\$ 6,801,199	\$ 4,412,960	\$ 7,885,106	\$ 11,590,969
Investments	1,998,524	-	3,012,790	1,014,860	-
Special assessments	652	50,596	300	240	180
Other	193,515	427,895	801,284	1,168,486	2,621,726
Property taxes receivable	5,380,000	5,567,645	5,964,079	5,990,617	5,990,761
Due from other funds	110,000	863,500	801,275	800,383	555,822
Due from other governments	2,893,498	3,026,978	2,461,928	2,459,842	2,514,635
Notes receivable	2,104,397	1,966,650	1,815,981	1,651,178	1,470,915
Restricted cash & equivalents	-	1,235,039	1,262,634	449,117	407,173
Total assets	\$21,979,911	\$19,939,502	\$20,533,231	\$21,419,829	\$25,152,181
Liabilities					
Accounts payable	\$ 589,707	\$ 672,000	\$ 1,343,463	\$ 2,059,609	\$ 950,334
Accrued liabilities	1,202,727	1,333,533	413,286	706,604	770,836
Due to other funds	-	-	-	-	-
Deposits	12,699	-	-	-	-
Deferred revenue	9,018,108	8,936,441	9,257,636	9,641,798	10,726,171
Compensated absences	-	-	-	-	-
Total liabilities	10,823,241	10,941,974	11,014,385	12,408,011	12,447,341
Fund balance					
Reserved					
For capital projects	1,830,000	1,800,000	1,000,000	-	-
For class C roads	-	-	-	-	639,185
For UTOPIA	1,235,039	1,235,039	1,458,687	1,489,725	1,519,519
Unreserved					
Undesignated	8,091,631	5,962,489	7,060,159	7,522,093	10,546,136
Total fund balance	11,156,670	8,997,528	9,518,846	9,011,818	12,704,840
Total liabilities & fund balance	\$21,979,911	\$19,939,502	\$20,533,231	\$21,419,829	\$25,152,181

MURRAY CITY CORPORATION
Continuing Disclosure-Sales Tax Bonds Series 2007 and 2009
Fiscal Year Ending June 30, 2011

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

	2007	2008	2009	2010	2011
Revenues					
Taxes & special assessments	\$ 25,282,472	\$ 25,546,217	\$ 23,854,234	\$ 23,879,149	\$ 24,048,145
Licenses & permits	1,659,527	1,629,110	1,236,050	1,180,204	1,438,777
Intergovernmental	2,056,411	1,904,565	1,511,544	2,434,139	1,771,258
Charges for services	2,036,672	1,973,117	5,526,989	5,375,256	6,203,789
Fines & forfeitures	2,442,382	1,986,474	1,738,301	1,742,400	1,910,250
Interest	859,734	672,890	354,358	515,448	280,119
Miscellaneous	320,532	254,630	1,174,019	340,561	187,012
Total revenue	\$ 34,657,730	\$ 33,967,003	\$ 35,395,495	\$ 35,467,157	\$ 35,839,350
Expenditures					
General government	\$ 5,406,712	\$ 5,494,900	\$ 8,200,483	\$ 7,986,814	\$ 8,004,329
Public safety	16,165,371	16,560,749	18,838,530	17,404,283	16,733,142
Highways & public improvements	4,556,938	3,587,048	3,948,158	5,924,253	4,208,485
Parks & recreation	6,003,531	5,962,693	5,664,749	5,273,121	5,298,951
Debt service					
Principal	555,000	1,232,714	1,723,315	2,065,827	1,665,084
Interest & administrative charges	42,125	409,202	478,871	637,503	523,497
Pledge payment - UTOPIA debt serv				820,615	1,123,099
Bond issuance costs	158,837	-	-	-	-
Total expenditures	32,888,514	33,247,306	38,854,106	40,112,416	37,556,587
Excess (deficiency) of revenues over (under) expenditures	1,769,216	719,697	(3,458,611)	(4,645,259)	(1,717,237)
Other financing sources (uses)					
Operating transfers in	2,834,518	2,872,704	3,378,330	3,943,977	4,674,240
Operating transfers out	(2,797,030)	(5,936,000)	(1,165,000)	(237,000)	(150,000)
Capital leases	-	-	-	207,451	-
Sale of fixed assets	130,059	184,457	209,702	223,803	886,019
Bond or capital lease proceeds	10,155,874	-	1,556,897	-	-
Payments to refunded bond escrow	(9,997,037)	-	-	-	-
Net other financing sources (uses)	326,384	(2,878,839)	3,979,929	4,138,231	5,410,259
Net change in fund balance	2,095,600	(2,159,142)	521,318	(507,028)	3,693,022
Fund balance at beginning of year	9,061,070	11,156,670	8,997,528	9,518,846	9,011,818
Fund balance at end of year	\$ 11,156,670	\$ 8,997,528	\$ 9,518,846	\$ 9,011,818	\$ 12,704,840

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2004, 2006, and 2011
Fiscal Year Ending June 30, 2011

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	\$3.25
Energy Charge:	Peak Season (April through September, inclusive)	
	First 600 KWH, per KWH:	\$0.0835
	All additional KWH, per KWH:	\$0.0935
	Off Peak Season (October through March, inclusive)	
	All KWH, per KWH:	\$0.0835

Residential-All Electric

Customer Charge:	Per meter, per billing period	\$3.25
Energy Charge:	Peak Season (April through September, inclusive)	
	First 600 KWH, per KWH:	\$0.0779
	All additional KWH, per KWH:	\$0.0872
	Off Peak Season (October through March, inclusive)	
	First 400 KWH, per KWH:	\$0.0730
	All additional KWH, per KWH:	\$0.0541

Commercial-General Service Small

Customer Charge:	Per meter, per billing period	\$8.15
Energy Charge:	First 1500 KWH, per KWH:	\$0.0898
	All additional KWH, per KWH:	\$0.0454
Demand Charge:	Peak Season (April through September, inclusive)	
	All KW above 5 KW, per KW:	\$12.13
	Off Peak Season (October through March, inclusive)	
	All KW above 5 KW, per KW:	\$10.68

Commercial-General Service Large

Customer Charge:	Per meter, per billing period	\$20.38
Energy Charge:	All KWH, per KWH:	\$0.0423
Demand Charge:	Peak Season (April through September, inclusive)	
	All KW, per KW:	\$12.78
	Off Peak Season (October through March, inclusive)	
	All KW, per KW:	\$11.24

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2004, 2006, and 2011
Fiscal Year Ending June 30, 2011

Table 1 Continued

Average Monthly Bill and Consumption

	Summer Bill	Summer KWH	Winter Bill	Winter KWH
Residential	\$65.16	714	\$57.60	637
Residential-All Electric	\$63.85	760	\$71.29	1,072
Commercial-General Service Small	\$153.75	1,551	\$143.73	1,478
Commercial-General Service Large	\$3,107.27	40,149	\$2,826.40	38,073

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, 2011
Ten Largest Power Customers

Table 2

Name	Type of Business	KWH	Percent of City's Total KWH
IMC & IHC	Health Care	53,178,118	12.86%
Fashion Place Mall	Retail Sales	10,667,354	2.58%
Murray City	Government	10,462,295	2.53%
Multi Technology	Manufacturing	8,530,526	2.06%
Murray School District	Public Education	5,251,094	1.27%
Costco	Retail Sales	4,771,352	1.15%
Cookiecree	Bakery	4,651,440	1.12%
UTA	Transportation	3,653,559	0.89%
US West	Communications	3,356,186	0.82%
Sam's Club	Retail Sales	3,348,275	0.81%
Totals		107,870,199	26.09%

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2004, 2006, and 2011
Fiscal Year Ending June 30, 2011

Table 3
Power Department Annual Operating Statistics

	2007	2008	2009	2010	2011
Electric revenues by class					
Residential	\$ 8,995,450	\$ 9,383,050	\$ 9,923,204	\$ 9,923,385	\$10,357,336
Commercial & industrial	21,219,725	20,897,900	22,256,485	21,509,040	22,656,408
Other	743,341	557,471	822,464	579,989	591,178
Total revenues	\$30,958,516	\$30,838,421	\$33,002,153	\$32,012,414	\$33,604,922
Number of metered customers					
Residential	13,405	13,434	13,546	13,574	13,576
Commercial and industrial	2,936	2,951	2,923	2,930	2,955
Other	159	161	169	167	170
Total metered customers	16,500	16,546	16,638	16,671	16,701
Peak demand (KW)	98,700	107,106	98,327	97,000	97,490
Energy generated & purchased (MWh)					
Total System generation	53,055	37,708	21,261	23,031	17,576
Purchased power	361,917	449,567	448,487	412,385	412,943
Total energy available	414,972	487,275	469,748	435,416	430,519
Losses and system use (MWh)	9,257	42,598	13,717	18,417	16,968
Energy sales (MWh)	405,715	444,677	433,044	414,795	412,755
Electric energy sales (MWh)					
Residential	117,581	121,942	118,013	115,896	115,124
Commercial & industrial	277,203	311,228	303,492	288,141	287,090
Other	10,931	11,507	11,539	10,758	10,538
Total energy sales (MWh)	405,715	444,677	433,044	414,795	412,752

MURRAY CITY CORPORATION
Continuing Disclosure-Electric Revenue Bonds-Series 2004, 2006, and 2011
Fiscal Year Ending June 30, 2011

Table 4
Power Historical Operating Results (1)

	2007	2008	2009	2010	2011
Operating revenues:					
Energy sales revenues	\$ 30,958,516	\$ 31,662,362	\$ 34,463,816	\$ 31,767,339	\$ 33,801,253
Miscellaneous	2,122,246	1,173,680	901,757	792,027	1,951,574
Total operating revenues	33,080,762	32,836,042	35,365,573	32,559,366	35,752,827
Operating expenses:					
Cost of power	18,668,931	20,805,863	20,378,400	19,877,250	19,886,803
Operations & maintenance(2)	10,283,521	10,122,542	9,155,882	7,362,323	8,494,051
Total operating expenses	28,952,452	30,928,405	29,534,282	27,239,573	28,380,854
Net operating income	4,128,310	1,907,637	5,831,291	5,319,793	7,371,973
Other income and expense (net)	821,369	1,255,440	497,199	785,635	733,204
Balance available for debt service	4,949,679	3,163,077	6,328,490	6,105,428	8,105,177
Debt service on bonds	2,262,010	2,278,151	2,274,191	2,306,684	2,221,392
Balance remaining after debt service	\$ 2,687,669	\$ 884,926	\$ 4,054,299	\$ 3,798,744	\$ 5,883,785
Debt service coverage ratio	2.19	1.39	2.78	2.65	3.65

(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 2004, 2005, and 2011
Fiscal Year Ending June 30, 2011

Table 4A
Power Fund Projected Operating Results (1)

	2012	2013	2014	2015	2016
Operating revenues:					
Energy sales revenues	\$ 39,473,000	\$ 40,993,000	\$ 41,812,860	\$ 41,854,673	\$ 42,273,219
Miscellaneous	1,037,000	1,040,000	1,060,800	1,061,860	1,072,478
Total operating revenues	40,510,000	42,033,000	42,873,660	42,916,533	43,345,697
Operating expenses:					
Cost of power	25,097,000	25,467,700	25,997,054	26,023,051	26,023,051
Operations & maintenance(2)	8,701,000	8,875,000	9,141,250	9,150,391	9,241,894
Total operating expenses	33,798,000	34,342,700	35,138,304	35,173,442	35,264,945
Net operating income	6,712,000	7,690,300	7,735,356	7,743,091	8,080,752
Other income and expense	680,000	730,000	744,600	745,344	752,797
Balance available for debt service	7,392,000	8,420,300	8,479,956	8,488,435	8,833,549
Debt service on bonds	2,266,120	2,268,671	2,269,509	2,325,179	2,325,179
Balance remaining after debt service	\$ 5,125,880	\$ 6,151,629	\$ 6,210,447	\$ 6,163,256	\$ 6,508,370
Debt service coverage ratio	3.26	3.71	3.74	3.65	3.80

(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, 2011

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

	2007	2008	2009	2010	2011
Operating revenues:					
Charges for services	\$ 8,080,274	\$ 8,284,615	\$ 8,617,204	\$ 8,027,612	\$ 8,902,857
Fees	875,538	1,018,503	11,396	15,046	18,017
Other	7,062	21,805	27,416	53,593	30,861
Total operating revenues	8,962,874	9,324,923	8,656,016	8,096,251	8,951,735
Operating expenses:					
Administration & general	1,625,194	1,465,287	1,387,590	1,632,164	1,515,259
Operations & maintenance(2)	3,738,771	3,371,286	3,821,411	5,793,872	4,673,509
Total operating expenses	5,363,965	4,836,573	5,209,001	7,426,036	6,188,768
Net operating income	3,598,909	4,488,350	3,447,015	670,215	2,762,967
Other income and expense	600,922	358,497	594,750	139,278	1,130,323
Balance available for debt service	4,199,831	4,846,847	4,041,765	809,493	3,893,290
Debt service on bonds	660,122	662,917	649,425	649,788	649,000
Balance remaining after debt service	\$ 3,539,709	\$ 4,183,930	\$ 3,392,340	\$ 159,705	\$ 3,244,290
Debt service coverage ratio	6.36	7.31	6.22	1.25	6.00

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

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

MURRAY CITY CORPORATION
Fiscal Year Ending June 30, 2011
Ten Largest Water and Sewer Customers

Table 2

Name	Water Charges	Sewer Charges	Total
Intermountain Medical Center	\$142,251	\$162,612	\$304,863
Murray City Corporation	129,997	29,556	\$159,553
Murray School District	124,829	33,418	\$158,247
Winchester Estates	57,891	32,750	\$90,641
Murray UT PM Group	54,541	9,414	\$63,955
Hunters Woods Apartments	50,157	64,305	\$114,462
Three Fountains Condos	45,825	47,636	\$93,461
Stillwater Apartments	37,646	48,161	\$85,807
Fashion Place Mall	35,287	31,121	\$66,408
Lake Pines Apartments	33,277	26,387	\$59,664

MURRAY CITY CORPORATION
Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2011

Table 3A
Five Year Financial Summaries of the System
Statement of Net Assets-Water Enterprise Fund

	2007	2008	2009	2010	2011
Current Assets:					
Cash & equivalents	\$ 4,921,635	\$ 6,072,079	\$ 5,971,426	\$ 5,067,475	\$ 5,625,821
Receivables, net of allowance	823,401	744,436	915,523	719,589	758,553
Other receivables	1,020	264	-	-	573
Due from other funds	-	-	1,141,627	271,056	-
Total current assets	5,746,056	6,816,779	8,028,576	6,058,120	6,384,947
Restricted cash	-	-	-	-	-
Property, plant, & equipment:					
Land	1,714,666	1,714,666	1,719,666	1,719,666	2,075,939
Buildings	904,024	904,024	904,024	904,024	904,024
Improvements other than buildings	20,161,372	20,877,244	21,424,685	21,827,025	22,317,734
Machinery & equipment	2,221,698	2,208,825	2,391,636	2,426,193	2,578,713
Furniture & fixtures	244,515	244,515	244,514	175,322	-
Construction in progress	260,304	494,688	108,017	223,870	13,975
Accumulated depreciation	(10,531,291)	(11,272,986)	(12,026,347)	(12,500,271)	(12,623,994)
Net property plant & equipment	14,975,288	15,170,976	14,766,195	14,775,829	15,266,391
Other assets:					
Unamortized bond issuance costs	19,168	18,040	16,913	15,785	14,658
Total assets	\$ 20,740,512	\$ 22,005,795	\$ 22,811,684	\$ 20,849,734	\$ 21,665,996
Current liabilities:					
Accounts payable	\$ 403,497	\$ 24,937	\$ 141,084	\$ 70,499	\$ 646,288
Accrued liabilities	42,664	59,162	11,102	18,808	23,902
Due to other funds	960	480	480	480	480
Accrued interest	51,835	53,555	49,271	47,675	49,455
Compensated absences	-	-	88,825	87,346	92,003
Long term debt-current portion	203,412	400,253	212,800	219,059	228,447
Total current liabilities	702,368	538,387	503,562	443,867	1,040,575
Non-current liabilities:					
Deposits	-	-	2,700	2,700	6,750
Compensated absences	199,444	23,942	139,913	138,289	155,681
Net OPEB payable	-	-	65,885	122,571	127,890
Long term debt-due after one year	4,534,511	4,327,976	4,115,176	3,896,118	3,667,671
Total non-current liabilities	4,733,955	4,351,918	4,323,674	4,159,678	3,957,992
Total Liabilities	5,436,323	4,890,305	4,827,236	4,603,545	4,998,567
Net Assets:					
Investment in capital net of debt	10,237,365	10,442,747	10,438,219	10,660,652	11,370,273
Unrestricted	5,066,824	6,672,743	7,546,229	5,585,537	5,297,156
Total net assets	15,304,189	17,115,490	17,984,448	16,246,189	16,667,429
Total liabilities & net assets	\$ 20,740,512	\$ 22,005,795	\$ 22,811,684	\$ 20,849,734	\$ 21,665,996

MURRAY CITY CORPORATION
Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2011

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

	2007	2008	2009	2010	2011
Operating revenues:					
Sales & charges for service	\$ 4,931,555	\$ 4,993,881	\$ 5,175,498	\$ 4,664,522	\$ 5,274,778
Connection fees	11,735	36,177	10,156	14,231	15,982
Other	7,062	11,941	27,239	53,565	30,486
Total operating revenues	4,950,352	5,041,999	5,212,893	4,732,318	5,321,246
Operating expenses:					
Transmission, distribution & maint	1,932,020	1,514,203	1,963,122	3,879,214	2,766,220
Administrative & general	1,105,821	1,011,282	1,208,303	1,143,593	1,065,712
Depreciation & amortization	777,068	787,983	855,944	782,851	866,142
Total operating expenses	3,814,909	3,313,468	4,027,369	5,805,658	4,698,074
Operating income (loss)	1,135,443	1,728,531	1,185,524	(1,073,340)	623,172
Non-operating revenues (expenses)					
Interest revenue	200,272	267,376	143,666	44,687	18,636
Interest expense	(208,014)	(207,145)	(195,192)	(192,295)	(188,919)
Impact fees	615,322	552,101	278,997	49,099	668,012
Gain on disposal of assets	308,680	-	23,850	9,765	(103,101)
Net non-operating revenues/expenses	916,260	612,332	251,321	(88,744)	394,628
Income (loss) before transfers	2,051,703	2,340,863	1,436,845	(1,162,084)	1,017,800
Capital Contributions					108,055
Transfers in	437,030	-	-	-	-
Transfers out	(466,707)	(529,562)	(567,887)	(576,175)	(704,615)
Change in net assets	2,022,026	1,811,301	868,958	(1,738,259)	421,240
Net assets at beginning of year	13,282,163	15,304,189	17,115,490	17,984,448	16,246,189
Net assets at end of year	\$ 15,304,189	\$ 17,115,490	\$ 17,984,448	\$ 16,246,189	\$ 16,667,429

MURRAY CITY CORPORATION
Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2011

Table 4A
Five Year Financial Summaries of the System
Statement of Net Assets-Sewer Enterprise Fund

	2007	2008	2009	2010	2011
Current Assets					
Cash & equivalents	\$ 1,899,691	\$ 2,233,314	\$ 284,447	\$ 278,166	\$ 1,191,229
Receivables, net of allowance	332,832	361,353	445,152	389,776	447,997
Due from other funds	960	480	480	480	480
Due from other governments	111,150	111,150	111,150	111,150	111,150
Total current assets	2,344,633	2,706,297	841,229	779,572	1,750,856
Property, plant, & equipment					
Land	178,487	178,487	310,255	310,255	455,921
Buildings	949,132	949,132	949,132	949,132	949,132
Improvements other than buildings	7,833,261	7,833,261	10,169,485	10,265,141	10,232,157
Machinery & equipment	1,336,333	1,253,333	1,281,561	1,315,109	1,060,990
Furniture & fixtures	102,762	102,762	102,762	43,369	-
Construction in progress	18,775	803,988	89,181	-	-
Accumulated depreciation	(4,411,600)	(4,558,170)	(5,315,987)	(5,416,348)	(5,518,245)
Net property plant & equipment	6,007,150	6,562,793	7,586,389	7,466,658	7,179,955
Other assets					
Unamortized bond issuance costs	11,457	10,783	10,109	9,435	8,761
Investment in joint ventures	3,239,123	3,195,752	3,139,558	2,936,917	3,332,953
Total assets	\$ 11,602,363	\$ 12,475,625	\$ 11,577,285	\$ 11,192,582	\$ 12,272,525
Current liabilities					
Accounts payable	\$ 104,025	\$ 636,634	\$ 26,075	\$ 73,464	\$ 109,696
Accrued liabilities	18,937	20,999	110,389	8,387	11,857
Due to other funds	-	-	-	-	-
Accrued interest	30,984	32,012	29,451	28,497	29,561
Compensated absences	-	-	32,570	33,504	32,952
Long term debt-current portion	121,588	173,950	127,200	130,941	136,553
Total current liabilities	275,534	863,595	325,685	274,793	320,619
Non-current liabilities					
Compensated absences	64,243	6,240	42,294	45,270	52,598
Net OPEB payable	-	-	32,942	64,828	63,945
Long term debt-due after one year	2,710,489	2,587,024	2,459,824	2,328,882	2,192,329
Total non-current liabilities	2,774,732	2,593,264	2,535,060	2,438,980	2,308,872
Total liabilities	3,050,266	3,456,859	2,860,745	2,713,773	2,629,491
Net assets:					
Investment in capital net of debt	6,414,196	6,997,571	4,999,365	5,006,835	4,851,073
Restricted for debt service	-	-	-	-	-
Unrestricted	2,137,901	2,021,195	3,717,175	3,471,974	4,791,961
Total net assets	8,552,097	9,018,766	8,716,540	8,478,809	9,643,034
Total liabilities & net assets	\$ 11,602,363	\$ 12,475,625	\$ 11,577,285	\$ 11,192,582	\$ 12,272,525

MURRAY CITY CORPORATION
Continuing Disclosure-Water and Sewer Revenue Bonds-Series 2003
Fiscal Year Ending June 30, 2011

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

	2007	2008	2009	2010	2011
Operating revenues:					
Sales & charges for service	\$ 3,150,719	\$ 3,290,734	\$ 3,441,706	\$ 3,363,090	\$ 3,628,079
Connection fees	(1,525)	28,055	1,240	815	2,035
Other	-	9,864	177	28	375
Total operating revenues	3,149,194	3,328,653	3,443,123	3,363,933	3,630,489
Operating expenses:					
Administrative & general	519,373	454,005	509,287	488,571	449,547
Depreciation & amortization	296,003	301,244	758,491	414,129	435,621
Operations and maintenance	1,806,751	1,857,083	1,858,289	1,914,658	1,907,289
Total operating expenses	2,622,127	2,612,332	3,126,067	2,817,358	2,792,457
Operating income (loss)	527,067	716,321	317,056	546,575	838,032
Non-operating revenues (expenses)					
Interest revenue	86,120	91,121	35,482	2,606	2,416
Interest expense	(137,108)	(133,520)	(125,312)	(121,322)	(116,926)
Impact fees	250,006	402,170	112,755	32,874	441,259
Equity gain/(loss) in joint venture	(594,526)	(283,291)	(311,554)	(335,297)	177,275
Gain on disposal of assets	5,850	-	-	247	43,740
Net non-operating revenues/expenses	(389,658)	76,480	(288,629)	(420,892)	547,764
Income (loss) before transfers	137,409	792,801	28,427	125,683	1,385,796
Capital contributions					123,510
Transfers in	-	-	13,002	-	-
Transfers out	(275,594)	(326,132)	(343,655)	(363,414)	(345,081)
Change in net assets	(138,185)	466,669	(302,226)	(237,731)	1,164,225
Net assets at beginning of year	8,690,282	8,552,097	9,018,766	8,716,540	8,478,809
Net assets at end of year	\$ 8,552,097	\$ 9,018,766	\$ 8,716,540	\$ 8,478,809	\$ 9,643,034