COMPREHENSIVE ANNUAL FINANCIAL REPORT

MURRAY CITY CORPORATION, UTAH

FOR THE FISCAL YEAR ENDED

JUNE 30, 2012

MURRAY CITY CORPORATION, UTAH
MURRAY, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2012

Prepared by

Murray Finance

Justin M. Zollinger CPA, Director of Finance
Brenda Moore CPA, Controller
Joseph Canepari, Senior Accountant

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INTRODUCTORY SECTION

MURRAY CITY CORPORATION
FINANCE & ADMINISTRATION

December 4, 2012

LETTER OF TRANSMITTAL

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

The Comprehensive Annual Financial Report (CAFR) of Murray City (City) for the fiscal year ending June 30, 2012, is submitted herewith. Utah state law requires that the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accounts. This report, which fulfills these requirements, was prepared by the Murray City Finance Department.

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

The City's financial statements have been audited by 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 the City for the fiscal year ended June 30, 2012, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on internal controls and compliance with legal requirements; special emphasis is placed on internal controls and legal requirements involving the administration of federal awards. These reports can be found as listed in the table of contents.

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

Profile of the Government

Murray City, incorporated in 1902, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. The City currently occupies a land area of about 11 square miles and serves a population of about 50,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1% local option sales tax on all retail sales.

The City has operated under the strong mayor-council form of government since 1982. Policy-making and legislative authority are vested in the City Council which is made up of five members elected by district. The City Council is responsible, 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 including; police and fire protection, including ambulance services; construction and maintenance of highways, streets, and infrastructure; recreational activities and cultural events. In additions to general government activities, the governing body controls the Water Fund, the Waste Water Fund, the Power Fund, the Solid Waste Management Fund, the Storm Water Fund, the Telecommunication Fund and the Murray Parkway Recreation Fund; therefore, these activities are included in the reporting entity. However, the Murray City School District has not met the established criteria for inclusion in the reporting entity, and accordingly, is excluded from this report.

Factors Affecting Financial Conditions

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

Local Economy

Murray City, like other cities in the area, has felt the effects of the economic slowdown. The 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, the 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 slow economy, Murray City has been less aggressive in capital construction projects. 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 is in the process of implementing a strategic plan, which helps provide a long-term planning framework. There is now added emphasis on the Capital Improvements Plan as a result of the strategic plan. The City offered an early retirement incentive to City employees during July and August of 2011; as a result of the decrease in personnel some departments were reorganized during fiscal year 2012.

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, 2011. This was the thirty-first consecutive year that the City has achieved this prestigious award. In order to be awarded a Certificate of Achievement, the City must publish 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 Finance Department staff. I would like to express my appreciation to all staff members who assisted in and contributed to its preparation. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of Murray City's finances.

Respectfully submitted,

Justin M. Zollinger
Director of Finance

MURRAY CITY CORPORATION

CITY LEADERSHIP

Daniel C. Snarr
Mayor

James A. Brass
Council Chairman

Dave Nicponski
Council Member

Darren Stam
Council Member

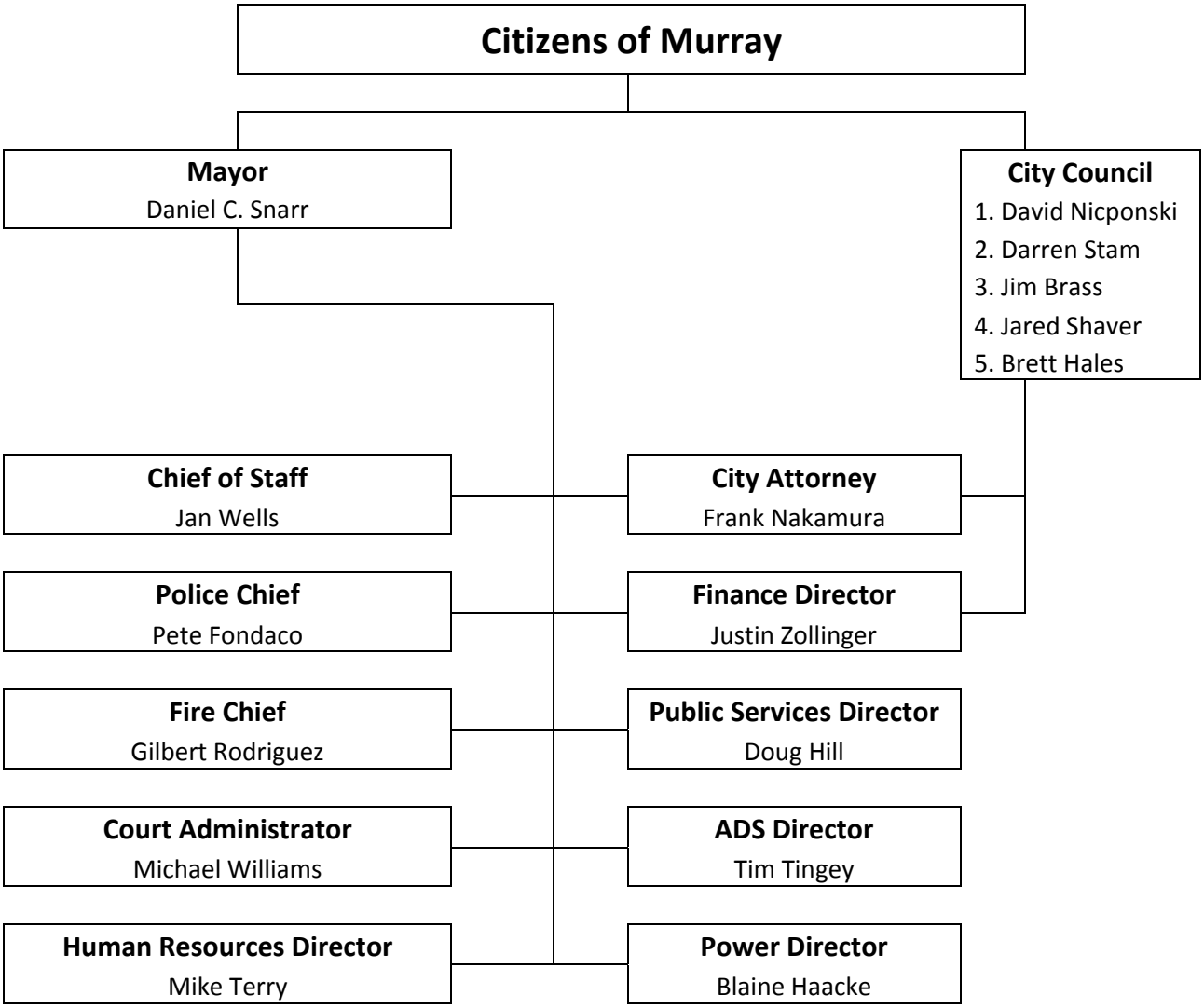
Brett A. Hales
Council Member

Jared Shaver
Council Member

DEPARTMENT AND DIVISION HEADS

Jan Wells	Chief of Staff
Daniel Barr	Library Director
Peter A. Fondaco	Police Chief
Blaine Haacke	Power General Manager
Jennifer Kennedy	City Recorder
Douglas P. Hill	Public Services Director
Wendell Coombs	City Treasurer
Frank Nakamura	City Attorney
Gilbert Rodriguez	Fire Chief
Michael P. Terry	Human Resources Director
W. Paul Thompson	Justice Court Judge
B. Tim Tingey	Administrative and Development Services Director
Justin M. Zollinger	Director of Finance/CFO
Michael Williams	Justice Court Administrator

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, 2011

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.

FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

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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

INDEPENDENT AUDITORS' REPORT

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, 2012, 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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, 2012, 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 14, 2012, 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 13 through 21 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 section are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison information, and the schedule of expenditures of federal awards 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 and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide assurance on them.

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

November 14, 2012

MURRAY CITY
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, 2012. 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 $157,482,975 (net assets). Of this amount, $42,768,153 (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 $10,684,785. Much of this increase was due to a conservative estimate of fiscal year 2012 budgeted revenue. Actual revenues exceeded projections by $1,415,051 for the General Fund. Management did not increase personnel costs wherever possible. The number of full time city positions decreased by twenty over the prior fiscal year as a result of the early retirement incentive. Business-type activities saw increased fees and charges from a warmer than average year.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of $19,302,309 an increase of $422,081 in comparison with the prior year. Approximately 47 percent of this total amount, $9,150,403 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 $9,150,403 or 22 percent of total general fund estimated revenue. The General Fund's unassigned fund balance decreased by $1,395,733. This was a result of planned reserve use, as the money was moved to the Capital Projects Fund for future capital needs.
- Murray City's total bonded debt decreased by $1,890,000 (4.98 percent) during the current fiscal year.

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

Government-wide financial statements

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

The Statement of Activities 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, Telecommunication 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 government, 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 evaluating 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 in the Required Supplementary Information section of 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, Telecommunication 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 in the Required Supplementary Information section of this report.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water Fund, the Waste Water Fund, the Power Fund, and for the Storm Water Fund all of which are considered to be major funds of Murray City. Data from other proprietary funds are combined into a single aggregate presentation. Individual fund data is provided in the form of combining statements in the Required Supplementary Information section of 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 $157,482,975 at the close of the most recent fiscal year. The largest portion of Murray City's net assets (71 percent), reflects its investment in capital assets (e.g., land, buildings, improvements, infrastructure, 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 Change in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Current and other assets	$ 38,026,383	$ 35,355,052	$ 32,445,284	$ 23,561,063	$ 70,471,667	$ 58,916,115
Capital assets	67,268,328	66,373,136	80,892,441	82,232,892	148,160,769	148,606,028
Total assets	105,294,711	101,728,188	113,337,725	105,793,955	218,632,436	207,522,143
Long-term liabilities outstanding	12,164,641	14,626,454	25,360,205	26,184,826	37,524,846	40,811,280
Other liabilities	15,746,046	13,127,543	7,884,786	6,785,130	23,630,832	19,912,673
Total liabilities	27,910,687	27,753,997	33,244,991	32,969,956	61,155,678	60,723,953
Net assets:						
Invested in capital assets, net of related debt	56,770,185	55,550,096	55,047,253	55,429,311	111,817,438	110,979,407
Restricted	2,897,384	4,151,232	-	1,005,358	2,897,384	5,156,590
Unrestricted	17,716,455	14,272,863	25,051,698	16,389,330	42,768,153	30,662,193
Total net assets	$ 77,384,024	$ 73,974,191	$ 80,098,951	$ 72,823,999	$ 157,482,975	$ 146,798,190

An additional portion of Murray City's net assets (1.8 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets ($42,768,153) 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 $10,684,785 in net assets for Murray City during the current fiscal year. The primary reason for this increase in net assets was from conservative revenue forecasts that limited budgets and controlled expenses.

Murray City's Changes in Net Assets

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues:						
Program revenues:						
Charges for services	$ 6,479,306	$ 9,653,063	$ 52,358,497	$ 50,131,643	$ 58,837,803	$ 59,784,706
Operating grants and contributions	4,478,557	1,384,745	-	-	4,478,557	1,384,745
Capital grants and contributions	2,087,025	2,472,440	833,496	2,860,488	2,920,521	5,332,928
General revenues:						
Property taxes	10,075,782	9,823,237	-	-	10,075,782	9,823,237
Franchise taxes	4,849,560	4,924,741	-	-	4,849,560	4,924,741
General sales and highway sales taxes	12,847,464	12,800,032	-	-	12,847,464	12,800,032
Investment income	295,607	309,804	244,548	183,447	540,155	493,251
Gain/(loss) on disposal of assets	10,638	-	163,124	(17,049)	173,762	(17,049)
Miscellaneous	206,915	196,156	-	-	206,915	196,156
Total revenues	41,330,854	41,564,218	53,599,665	53,158,529	94,930,519	94,722,747
Expenses:						
General government	8,984,119	10,198,008	-	-	8,984,119	10,198,008
Public safety	16,678,415	17,790,182	-	-	16,678,415	17,790,182
Highways & public improvements	7,880,076	7,277,244	-	-	7,880,076	7,277,244
Parks, recreation, and culture	7,068,120	7,479,831	-	-	7,068,120	7,479,831
Debt service - interest and fiscal charges	440,286	548,035	-	-	440,286	548,035
Power	-	-	31,190,000	32,432,062	31,190,000	32,432,062
Water	-	-	4,084,701	4,886,993	4,084,701	4,886,993
Waste water	-	-	3,255,545	2,732,108	3,255,545	2,732,108
Murray parkway	-	-	1,697,025	1,614,203	1,697,025	1,614,203
Telecommunications	-	-	33,120	-	33,120	-
Storm water	-	-	1,884,519	1,690,874	1,884,519	1,690,874
Solid waste	-	-	1,049,808	942,255	1,049,808	942,255
Total expenses	41,051,016	43,293,300	43,194,718	44,298,495	84,245,734	87,591,795
Increase (decrease) in net assets before transfers	279,838	(1,729,082)	10,404,947	8,860,034	10,684,785	7,130,952
Transfers	3,129,995	3,622,106	(3,129,995)	(3,622,106)	-	-
Increase (decrease) in net assets	3,409,833	1,893,024	7,274,952	5,237,928	10,684,785	7,130,952
Net assets at beginning of year	73,974,191	72,081,167	72,823,999	67,586,071	146,798,190	139,667,238
Net assets at end of year	$ 77,384,024	$ 73,974,191	$ 80,098,951	$ 72,823,999	$ 157,482,975	$ 146,798,190

Governmental activities

Governmental activities increased Murray City's net assets by $3,409,833. Key elements are as follows:

- Revenue exceeded budget by approximately $1,400,000, part of this positive variance was the result of the following revenues:
  - $424,000 from sales tax revenue
  - $426,000 from licenses and permits
  - $354,000 from charges for services
- Expenditures were less than budget by approximately $2,000,000 thanks to all departments' careful use of taxpayer dollars.
- The early retirement incentive contributed to the City's improved financial position.

Business-type activities

Business-type activities increased Murray City's net assets by $7,274,952. Key elements of this increase are as follows:

- Total operating revenues increased by $2,429,227. This was a result of a waste water and power rate increases, and a warmer than average spring and summer which increased utilization of City services.
- Total operating expenses decreased by approximately $1,408,773 over the prior year.
- Impact fees and capital contributions were $1,488,448 and $833,496 respectively.
- Operational transfers decreased by $406,156.
- The Power Department has delayed some capital projects to help build reserves. Purchase power costs decreased by approximately $886,000 over the previous fiscal year.
- The Telecommunications Fund was added, it was transferred $100,000 from the General Fund for start-up.

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.

Governmental fund balance is reported in five separate categories: nonspendable, restricted, committed, assigned, and unassigned. Nonspendable fund balance includes amounts that cannot be spent for legal or practical reasons. Examples include long-term notes receivable, and inventory. Restricted fund balance includes amounts restricted to specific purposes by external parties such as amounts restricted for debt service. Committed fund balance includes amounts that have been set aside by the City Council for a specific purpose prior to the end of the fiscal year. Assigned fund balance includes amounts that have been set aside by the City Council for a specific purpose, but subsequent to the end of the fiscal year. Unassigned fund balance includes all remaining amounts.

As of the end of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of $19,302,309, an increase of $422,081 in comparison with the prior year. Of the total balance, $235,198 is nonspendable, $2,897,384 is restricted, $7,019,324 is assigned, and $9,150,403 is unassigned.

The General Fund is the chief operating fund of the City. At fiscal year end, the General Fund reported total fund balance of $11,302,325, of which $235,198 is nonspendable, $1,916,724 is restricted, and $9,150,403 is unassigned.

The Capital Projects Fund has a total fund balance of $4,839,240, an increase of $1,219,875 over the prior year. The increase is for planned future capital needs. This fund will continue to increase over the next few years as savings occurs for future capital projects.

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 $6,222,021, in the waste water fund $6,651,421, in the power fund $10,896,520, and in the storm water fund $763,435. Each fund saw an increase in unrestricted net assets except for storm water, which saw a decrease of $385,208. This decrease was due to a large capital project.

The Water, Waste Water, and Storm Water Funds received capital contributions of $304,166, $148,806, and $380,524 respectively. These contributions of water and sewer lines, and storm water improvements came from developers within the City. As mentioned earlier in this report, the Water and Waste Water Funds refunded a portion of the 2003 Water & Sewer Revenue Bonds.

General Fund Budgetary Highlights

The original budget and the final amended budget changed by $3,504,627, the material changes are summarized as follows:

- A grant from the U.S. Department of Transportation/Federal Highway Administration was received for Highway Planning and Construction for $1,973,782. In addition, to complete the project a City portion was budgeted of $143,329.
- Budget for the Cottonwood/Winchester Intersection project was appropriated for $320,000.
- Budget for the Vine Street Widening project was appropriated for $152,980.
- City department reorganization occurred with a budget appropriated of $655,319.

Other minor increases in appropriations were for miscellaneous items.

Capital Asset and Debt Administration

Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2012 was $148,160,769 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, furniture and fixtures, infrastructure, intangibles, and construction in progress. The total change in Murray City's investment in capital assets for the current fiscal year was a decrease of $445,259. This represents an $895,192 increase for governmental activities and a $1,340,451 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 projects and investments during the current fiscal year included the following:

- Fireclay roadway and bridge was donated to the City for approximately $2,059,000
- Winchester & Fireclay storm drain project approximately 1,180,000
- 4800 South 300 E – 800 E road project approximately $1,098,000
- Fireclay & 900 E water line projects approximately $800,000
- 4854 & 4858 South State land purchase approximately $393,000
- Cottonwood/Winchester Intersection realignment approximately $320,000
- Vine Street Widening project approximately $153,000

Murray City's Capital Assets
(Net of depreciation)

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Land	$ 13,077,618	$ 12,624,238	$ 6,974,069	$ 6,894,695	$ 20,051,687	$ 19,518,933
Buildings	31,700,614	31,448,612	6,061,001	6,061,001	37,761,615	37,509,613
Improvements other than buildings	16,072,009	16,072,009	144,471,674	142,761,164	160,543,683	158,833,173
Machinery and equipment	11,435,408	11,431,832	18,740,025	18,198,990	30,175,433	29,630,822
Furniture and fixtures	1,286,618	1,286,618	546,542	546,542	1,833,160	1,833,160
Infrastructure	65,868,655	61,450,189	-	-	65,868,655	61,450,189
Intangibles	-	-	4,309,027	4,309,027	4,309,027	4,309,027
Construction in progress	87,781	394,930	1,863,415	39,023	1,951,196	433,953
Total capital assets	139,528,703	134,708,428	182,965,753	178,810,442	322,494,456	313,518,870
Less accumulated depreciation	(72,260,375)	(68,335,292)	(102,073,312)	(96,577,550)	(174,333,687)	(164,912,842)
Net capital assets	$ 67,268,328	$ 66,373,136	$ 80,892,441	$ 82,232,892	$ 148,160,769	$ 148,606,028

Additional information regarding the City's capital assets can be found in the notes to the financial statements of this report.

At the end of the current fiscal year, Murray City had total bonded debt outstanding of $36,090,000. All of Murray City's debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Murray City's Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2012	2011	2012	2011	2012	2011
Revenue bonds	$ 10,365,000	$ 11,850,000	$ 25,725,000	$ 26,130,000	$ 36,090,000	$ 37,980,000

Murray City's bonded debt decreased by $1,890,000 or 4.98 percent in fiscal year 2012.

In May 2012, the City issued $1,030,000 of Sewer Revenue Bonds for various capital projects. The City is authorized to issue an additional $1,596,000 for a total of $2,626,000. The bond was issued by the State of Utah.

Murray City during fiscal year 2012 refunded a portion of the Series 2003 Water and Sewer Bonds. This resulted in a net present value savings of $438,446.

Additional information on Murray City's long-term debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budgets and Rates

In August 2012, the City increased solid waste fees by $2 per month for the first can and recycling, and increased the charge for a second can by $1.35 per month. This increase occurred to cover higher solid waste collection fees.

Fiscal year 2013 is the City's final year of the state sales tax hold harmless provision. This provision guaranteed a certain level of sales tax revenue to the City.

Over the last several years, the City has received payments for the sale of the sports mall, this note was paid off in full October 2012.

The City continues to approach budgeting for revenues conservatively with a focus on long-term sustainability.

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.

BASIC FINANCIAL STATEMENTS

MURRAY CITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 21,197,697	$ 18,091,198	$ 39,288,895
Accounts receivable (net of allowance)	10,403,518	7,147,053	17,550,571
Notes receivable	1,273,743	18,338	1,292,081
Due from other governments	2,817,718	111,150	2,928,868
Inventory	75,694	1,780,759	1,856,453
Noncurrent assets:			
Restricted cash	15,692	962,103	977,795
Notes receivable	-	312,048	312,048
Deferred costs	558,525	774,426	1,332,951
Investments in joint ventures	1,683,796	3,254,426	4,938,222
Land	13,077,618	6,974,069	20,051,687
Buildings	31,700,614	6,061,001	37,761,615
Improvements other than buildings	16,072,009	144,471,674	160,543,683
Machinery and equipment	11,435,408	18,740,025	30,175,433
Furniture and fixtures	1,286,618	546,542	1,833,160
Infrastructure	65,868,655	-	65,868,655
Intangibles	-	4,309,027	4,309,027
Construction in progress	87,781	1,863,415	1,951,196
Accumulated depreciation and amortization	(72,260,375)	(102,073,312)	(174,333,687)
Total assets	105,294,711	113,343,942	218,638,653
LIABILITIES			
Current liabilities:			
Accounts payable	856,500	3,508,498	4,364,998
Accrued liabilities	1,909,223	421,223	2,330,446
Customer deposits	-	1,176,801	1,176,801
Unearned revenue	9,725,593	-	9,725,593
Compensated absences	1,688,592	651,615	2,340,207
Interest payable	61,138	106,877	168,015
Notes payable	-	18,338	18,338
Bonds and leases payable	1,505,000	2,001,434	3,506,434
Noncurrent liabilities:			
Compensated absences	650,298	381,046	1,031,344
Net OPEB payable	2,521,200	823,357	3,344,557
Notes payable	-	312,048	312,048
Bonds and leases payable	8,993,143	23,843,754	32,836,897
Total liabilities	27,910,687	33,244,991	61,155,678
NET ASSETS			
Invested in capital assets, net of related debt	56,770,185	55,047,253	111,817,438
Restricted for:			
Perpetual care	520,000	-	520,000
Low income housing	445,033	-	445,033
Construction and debt service	1,901,224	-	1,901,224
Other	31,127	-	31,127
Unrestricted	17,716,455	25,051,698	42,768,153
Total net assets	$ 77,384,024	$ 80,098,951	$ 157,482,975

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

		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	$ 8,984,119	$ 3,422,552	$ -	$ -	$ (5,561,567)	$ -	$ (5,561,567)
Public safety	16,678,415	1,182,550	209,242	-	(15,286,623)	-	(15,286,623)
Highways and public improvements	7,880,076	99,116	4,056,543	2,087,025	(1,637,392)	-	(1,637,392)
Parks, recreation, and culture	7,068,120	1,775,088	212,772	-	(5,080,260)	-	(5,080,260)
Debt service - interest and fiscal charges	440,286	-	-	-	(440,286)	-	(440,286)
Total governmental activities	41,051,016	6,479,306	4,478,557	2,087,025	(28,006,128)		(28,006,128)
Business-type activities							
Water	4,084,701	6,373,244	-	304,166	-	2,592,709	2,592,709
Waste water	3,255,545	4,347,747	-	148,806	-	1,241,008	1,241,008
Power	31,190,000	37,627,800	-	-	-	6,437,800	6,437,800
Murray Parkway	1,697,025	1,562,957	-	-	-	(134,068)	(134,068)
Telecommunication	33,120	33,780	-	-	-	660	660
Solid waste	1,049,808	1,009,285	-	-	-	(40,523)	(40,523)
Storm water	1,884,519	1,403,684	-	380,524	-	(100,311)	(100,311)
Total business-type activities	43,194,718	52,358,497	-	833,496		9,997,275	9,997,275
General Revenues:							
Taxes							
Property taxes					10,075,782	-	10,075,782
Franchise taxes					4,849,560	-	4,849,560
General sales taxes and highway sales taxes					12,847,464	-	12,847,464
Investment income					295,607	244,548	540,155
Gain on disposal of assets					10,638	163,124	173,762
Miscellaneous					206,915	-	206,915
Transfers - net					3,129,995	(3,129,995)	-
Total general revenue and transfers					31,415,961	(2,722,323)	28,693,638
Change in net assets					3,409,833	7,274,952	10,684,785
Net assets - beginning					73,974,191	72,823,999	146,798,190
Net assets - ending					$ 77,384,024	$ 80,098,951	$ 157,482,975

The accompanying notes are an integral part of this statement.

MURRAY CITY
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2012

	Governmental Fund Types			
	General	**Capital Projects**	**Other Governmental Funds**	**Total Governmental Funds**
ASSETS				
Cash and cash equivalents	$ 11,035,873	$ 5,053,237	$ 3,516,041	$ 19,605,151
Receivables, net:				
Property taxes	5,972,624	-	3,731,178	9,703,802
Special assessments	120	-	-	120
Other	4,304,240	-	-	4,304,240
Notes receivable	1,273,743	-	-	1,273,743
Due from other funds	443,908	-	-	443,908
Due from other governments	2,704,220	-	113,498	2,817,718
Restricted cash	65	-	15,627	15,692
Total assets	25,734,793	5,053,237	7,376,344	38,164,374
LIABILITIES				
Accounts payable	508,531	213,997	43,265	765,793
Accrued liabilities	1,635,897	-	17,976	1,653,873
Due to other funds	-	-	443,908	443,908
Deferred revenue	12,288,040	-	3,710,451	15,998,491
Total liabilities	14,432,468	213,997	4,215,600	18,862,065
FUND BALANCE				
Nonspendable	235,198	-	-	235,198
Restricted for:				
Class C roads	320,316	-	-	320,316
UTOPIA	1,580,908	-	-	1,580,908
Historic Smelter	15,500			15,500
Cemetery perpetual care	-	-	520,000	520,000
Low income housing	-	-	445,033	445,033
Library endowment	-	-	15,627	15,627
Assigned to:				
Special revenue funds	-	-	1,384,336	1,384,336
Capital projects funds	-	4,839,240	-	4,839,240
Permanent fund	-	-	795,748	795,748
Unassigned	9,150,403	-	-	9,150,403
Total fund balances	11,302,325	4,839,240	3,160,744	19,302,309
Total liabilities and fund balances	$ 25,734,793	$ 5,053,237	$ 7,376,344	$ 38,164,374

The accompanying notes are an integral part of this statement.

MURRAY CITY
RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Total Fund Balances - Total Governmental Funds	$	19,302,309
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		68,952,124
Other long-term assets are not available for current period expenditures and are therefore deferred in the funds balance sheet.		3,226,779
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.		1,257,068
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(15,354,256)
Net Assets - Governmental Activities	$	77,384,024

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Governmental Fund Types			
	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
REVENUES				
Taxes and special assessments	$ 24,052,611	$ -	$ 3,572,486	$ 27,625,097
Licenses and permits	1,525,957	-	-	1,525,957
Intergovernmental	4,024,167	-	454,390	4,478,557
Charges for services	6,006,020	-	44,730	6,050,750
Fines and forfeitures	1,845,339	-	51,256	1,896,595
Miscellaneous	200,102	-	6,813	206,915
Investment income	237,059	23,890	25,654	286,603
Total revenues	37,891,255	23,890	4,155,329	42,070,474
EXPENDITURES				
General government	9,317,552	425,744	-	9,743,296
Public safety	16,086,866	-	-	16,086,866
Highways and public improvements	6,477,285	1,098,030	1,096,613	8,671,928
Parks, recreation, and culture	5,183,327	-	1,410,495	6,593,822
Debt service:				
Principal	1,485,000	269,149	-	1,754,149
Interest and fiscal charges	449,301	11,092	14,814	475,207
Pledge payment - UTOPIA debt service	1,660,930	-	-	1,660,930
Total expenditures	40,660,261	1,804,015	2,521,922	44,986,198
Excess (deficiency) of revenues over (under) expenditures	(2,769,006)	(1,780,125)	1,633,407	(2,915,724)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,259,681	3,000,000	1,000	7,260,681
Transfers out	(3,101,000)	-	(1,029,686)	(4,130,686)
Sale of capital assets	207,810	-	-	207,810
Total other financing sources (uses)	1,366,491	3,000,000	(1,028,686)	3,337,805
Net change in fund balance	(1,402,515)	1,219,875	604,721	422,081
Fund balance at beginning of year	12,704,840	3,619,365	2,556,023	18,880,228
Fund balance at end of year	$ 11,302,325	$ 4,839,240	$ 3,160,744	$ 19,302,309

The accompanying notes are an integral part of this statement.

MURRAY CITY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds	$	422,081
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.		899,128
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		(49,463)
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		1,706,234
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.		337,940
The net revenue of certain activities of the Internal Service Funds are reported with governmental activities		93,913
Change in net assets of governmental activities	$	3,409,833

The accompanying notes are an integral part of this statement.

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL – GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Property tax	$ 6,503,253	$ 6,503,253	$ 6,503,296	$ 43
Sales and use tax	12,275,000	12,275,000	12,699,755	424,755
Franchise tax	4,703,000	4,703,000	4,849,560	146,560
Licenses and permits	1,099,300	1,099,300	1,525,957	426,657
Intergovernmental	1,749,000	3,970,156	4,024,167	54,011
Charges for services	5,309,437	5,651,495	6,006,020	354,525
Fines and forfeitures	1,738,000	1,704,000	1,845,339	141,339
Investment income	264,814	250,000	237,059	(12,941)
Miscellaneous	288,000	320,000	200,102	(119,898)
Total revenues	33,929,804	36,476,204	37,891,255	1,415,051
EXPENDITURES				
General government:				
Legislative	368,601	368,601	344,720	23,881
Justice court	1,562,354	1,557,886	1,458,024	99,862
Mayor	463,714	463,714	452,755	10,959
Finance	1,262,385	520,308	447,318	72,990
Legal	594,317	693,334	684,293	9,041
Nondepartmental	1,739,350	1,670,115	1,050,678	619,437
Personnel	365,046	260,383	241,187	19,196
Administrative and Development Services	3,405,330	4,882,075	4,638,577	243,498
Total general government	9,761,097	10,416,416	9,317,552	1,098,864
Public safety:				
Police department	9,830,223	9,946,344	9,588,818	357,526
Fire department	6,958,795	6,914,353	6,498,048	416,305
Total public safety	16,789,018	16,860,697	16,086,866	773,831
Highways and public improvements				
Engineering	815,818	645,442	656,906	(11,464)
Streets and highways	3,234,925	6,015,715	5,723,718	291,997
Shops and garages	95,600	95,600	96,661	(1,061)
Total highways and public improvements	4,146,343	6,756,757	6,477,285	279,472
Parks, recreation, and culture				
Parks and recreation	4,677,305	4,844,520	4,810,086	34,434
Cemetery	379,089	379,089	373,241	5,848
Total parks, recreation, and culture	5,056,394	5,223,609	5,183,327	40,282
Debt service:				
Principal	1,485,000	1,485,000	1,485,000	-
Interest	449,305	449,305	449,301	4
Pledge payment - UTOPIA debt service	1,520,000	1,520,000	1,660,930	(140,930)
Total debt service	3,454,305	3,454,305	3,595,231	(140,926)
Total expenditures	39,207,157	42,711,784	40,660,261	2,051,523
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	300,000	300,000	207,810	(92,190)
Transfers in	4,240,751	4,255,565	4,259,681	4,116
Transfers out	-	(3,101,000)	(3,101,000)	-
Net other financing sources (uses)	4,540,751	1,454,565	1,366,491	(88,074)
Net change in fund balance	(736,602)	(4,781,015)	(1,402,515)	3,378,500
Fund balance at beginning of year	12,704,840	12,704,840	12,704,840	-
Fund balance at end of year	$ 11,968,238	$ 7,923,825	$ 11,302,325	$ 3,378,500

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2012

	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
ASSETS							
Current assets:							
Cash and cash equivalents	$ 5,500,763	$ 2,109,983	$ 8,877,204	$ 772,704	$ 830,544	$ 18,091,198	$ 1,592,546
Accounts receivable (net)	1,183,883	451,851	5,265,147	140,569	105,603	7,147,053	-
Notes receivable	-	-	-	-	18,338	18,338	-
Due from other funds	205,245	-	-	-	-	205,245	-
Due from other governments	-	111,150	-	-	-	111,150	-
Inventory	-	-	1,695,258	-	85,501	1,780,759	75,694
Total current assets	6,889,891	2,672,984	15,837,609	913,273	1,039,986	27,353,743	1,668,240
Noncurrent assets:							
Restricted cash	1	961,546	556	-	-	962,103	-
Notes receivable	-	-	-	-	312,048	312,048	-
Deferred costs	33,502	88,208	652,716	-	-	774,426	-
Investment in joint venture	-	3,254,426	-	-	-	3,254,426	-
Capital assets:							
Land	2,155,313	455,921	1,691,650	2,344,849	326,336	6,974,069	-
Buildings	904,024	949,132	3,410,311	-	797,534	6,061,001	-
Improvements other than buildings	23,083,685	10,380,963	75,890,502	31,382,375	3,734,149	144,471,674	-
Machinery and equipment	2,870,542	1,095,597	12,800,164	1,122,759	850,963	18,740,025	161,743
Furniture and fixtures	-	-	546,542	-	-	546,542	-
Intangibles	-	-	4,309,027	-	-	4,309,027	-
Construction in progress	860,624	166,004	-	836,787	-	1,863,415	-
Accumulated depreciation and amortization	(13,507,393)	(5,905,243)	(56,464,968)	(21,655,451)	(4,540,257)	(102,073,312)	(106,224)
Total noncurrent assets	16,400,298	11,446,554	42,836,500	14,031,319	1,480,773	86,195,444	55,519
Total assets	$ 23,290,189	$ 14,119,538	$ 58,674,109	$ 14,944,592	$ 2,520,759	$ 113,549,187	$ 1,723,759

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF NET ASSETS – PROPRIETARY FUNDS
JUNE 30, 2012

	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	$ 288,956	$ 123,780	$ 2,992,540	$ 13,782	$ 89,440	$ 3,508,498	$ 90,707
Accrued liabilities	24,897	11,822	339,378	11,390	33,736	421,223	255,350
Due to other funds	-	-	-	-	205,245	205,245	-
Accrued interest payable	25,063	17,128	63,640	1,046	-	106,877	-
Compensated absences	132,888	58,572	356,329	36,473	67,353	651,615	19,652
Notes payable	-	-	-	-	18,338	18,338	-
Bonds and leases payable	275,388	164,612	1,505,000	56,434	-	2,001,434	-
Total current liabilities	747,192	375,914	5,256,887	119,125	414,112	6,913,230	365,709
Noncurrent liabilities:							
Deposits	8,200	-	1,168,601	-	-	1,176,801	-
Compensated absences	77,708	34,252	208,371	21,328	39,387	381,046	11,492
Net OPEB payable	141,742	75,891	465,502	65,819	74,403	823,357	33,971
Notes payable	-	-	-	-	312,048	312,048	-
Bonds and leases payable	3,416,512	3,072,210	17,355,032	-	-	23,843,754	-
Total noncurrent liabilities	3,644,162	3,182,353	19,197,506	87,147	425,838	26,537,006	45,463
Total liabilities	4,391,354	3,558,267	24,454,393	206,272	839,950	33,450,236	411,172
NET ASSETS							
Invested in capital assets, net of related debt	12,674,895	3,905,552	23,323,196	13,974,885	1,168,725	55,047,253	55,519
Unrestricted	6,223,940	6,655,719	10,896,520	763,435	512,084	25,051,698	1,257,068
Total net assets	18,898,835	10,561,271	34,219,716	14,738,320	1,680,809	80,098,951	1,312,587
Total liabilities and net assets	$ 23,290,189	$ 14,119,538	$ 58,674,109	$ 14,944,592	$ 2,520,759	$ 113,549,187	$ 1,723,759

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	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	$ 5,665,425	$ 3,834,579	$ 35,083,253	$ 1,400,191	$ 2,606,022	$ 48,589,470	$ 986,715
Connection and servicing fees	10,525	4,955	210,282	-	-	225,762	-
Other	20,012	53,345	1,981,256	204	-	2,054,817	-
Total operating revenues	5,695,962	3,892,879	37,274,791	1,400,395	2,606,022	50,870,049	986,715
OPERATING EXPENSES							
Production or purchase of power	-	-	19,000,850	-	-	19,000,850	-
Administration and general	1,141,965	510,548	3,661,097	76,403	157,875	5,547,888	300,778
Depreciation and amortization	886,517	386,998	2,970,438	1,146,498	178,418	5,568,869	3,936
Operations and maintenance	1,893,631	2,024,471	4,712,903	656,495	2,442,928	11,730,428	597,092
Total operating expenses	3,922,113	2,922,017	30,345,288	1,879,396	2,779,221	41,848,035	901,806
Operating income (loss)	1,773,849	970,862	6,929,503	(479,001)	(173,199)	9,022,014	84,909
NONOPERATING REVENUES (EXPENSES)							
Investment income	39,917	9,572	183,761	6,860	4,438	244,548	9,004
Interest and fiscal charges	(162,588)	(101,243)	(844,712)	(5,123)	(732)	(1,114,398)	-
Impact fees	677,282	454,868	353,009	3,289	-	1,488,448	-
Equity in income of joint venture	-	(232,285)	-	-	-	(232,285)	-
Gain/(loss) on disposal of assets	90,393	-	56,635	9,596	6,500	163,124	-
Total nonoperating revenues (expenses)	645,004	130,912	(251,307)	14,622	10,206	549,437	9,004
Income (loss) before contributions and transfers	2,418,853	1,101,774	6,678,196	(464,379)	(162,993)	9,571,451	93,913
Capital contributions	304,166	148,806	-	380,524	-	833,496	-
Transfers in	-	-	-	-	100,000	100,000	-
Transfers out	(491,613)	(332,343)	(2,267,472)	(116,567)	(22,000)	(3,229,995)	-
Change in net assets	2,231,406	918,237	4,410,724	(200,422)	(84,993)	7,274,952	93,913
Total net assets, beginning	16,667,429	9,643,034	29,808,992	14,938,742	1,765,802	72,823,999	1,218,674
Total net assets - ending	$ 18,898,835	$ 10,561,271	$ 34,219,716	$ 14,738,320	$ 1,680,809	$ 80,098,951	$ 1,312,587

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	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
Cash flows from operating activities							
Receipts from customers and users	$ 5,272,655	$ 3,889,025	$ 36,923,420	$ 1,403,370	$ 2,608,528	$ 50,096,998	$ 681,000
Payments to suppliers	(2,403,230)	(2,092,371)	(22,761,760)	(407,840)	(1,901,183)	(29,566,384)	(598,725)
Payments to employees	(1,011,939)	(409,379)	(3,709,245)	(320,530)	(687,467)	(6,138,560)	5,028
Investments in joint venture	-	(153,758)	-	-	-	(153,758)	-
Net cash provided (used) by operating activities	1,857,486	1,233,517	10,452,415	675,000	19,878	14,238,296	87,303
Cash flows from noncapital financing activities							
Transfers from other funds	-	-	-	-	100,000	100,000	-
Transfers to other funds	(491,613)	(332,343)	(2,267,472)	(116,567)	(22,000)	(3,229,995)	-
Changes to interfund receivables and payables	(205,725)	480	-	-	205,245	-	-
Net cash provided (used) by noncapital financing activities	(697,338)	(331,863)	(2,267,472)	(116,567)	283,245	(3,129,995)	-
Cash flows from capital and related financing activities							
Purchases of capital assets	(1,715,916)	(200,611)	(603,585)	(870,746)	(83,195)	(3,474,053)	-
Proceeds from sale of assets	123,554	-	60,201	52,000	6,500	242,255	-
Impact fees	677,282	454,868	353,009	3,289	-	1,488,448	-
Proceeds from issuance of debt	3,173,224	2,926,776	-	-	-	6,100,000	-
Bond issuance costs paid	(18,844)	(79,447)	-	-	-	(98,291)	-
Principal paid on capital debt	(3,382,120)	(2,021,632)	(1,460,000)	(122,418)	(41,461)	(7,027,631)	-
Interest and fiscal charges paid on capital debt	(182,302)	(110,880)	(813,369)	(7,155)	(1,346)	(1,115,052)	-
Net cash provided (used) by capital and related financing activities	(1,325,122)	969,074	(2,463,744)	(945,030)	(119,502)	(3,884,324)	-
Cash flows from investing activites							
Investment income	39,917	9,572	183,761	6,860	4,438	244,548	9,004
Net cash provided by investing activities	39,917	9,572	183,761	6,860	4,438	244,548	9,004
Net increase (decrease) in cash and cash equivalents	(125,057)	1,880,300	5,904,960	(379,737)	188,059	7,468,525	96,307
Cash and cash equivalents, beginning of year	5,625,821	1,191,229	2,972,800	1,152,441	642,485	11,584,776	1,436,118
Cash and cash equivalents, end of year	5,500,764	3,071,529	8,877,760	772,704	830,544	19,053,301	1,532,425
Unrestricted cash	5,500,763	2,109,983	8,877,204	772,704	830,544	18,091,198	1,532,425
Restricted cash	1	961,546	556	-	-	962,103	-
Total Cash	$ 5,500,764	$ 3,071,529	$ 8,877,760	$ 772,704	$ 830,544	$ 19,053,301	$ 1,532,425

The accompanying notes are an integral part of this statement.

MURRAY CITY
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	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
Reconciliation of operating income to net cash provided (used) by operating activities							
Operating income (loss)	$ 1,773,849	$ 970,862	$ 6,929,503	$ (479,001)	$ (173,199)	$ 9,022,014	$ 84,909
Adjustments to reconcile operating income to net cash provided by operating activities:							
Depreciation and amortization	886,517	386,998	2,970,438	1,146,498	178,418	5,568,869	3,936
Investments in joint ventures	-	(153,758)	-	-	-	(153,758)	-
Changes in assets and liabilities:							
Accounts receivable	(424,757)	(3,854)	(872,076)	2,975	2,506	(1,295,206)	63,233
Inventories	-	-	143,746	-	1,923	145,669	(7,049)
Accounts payable	(357,332)	14,084	717,823	(37,175)	13,887	351,287	1,916
Accrued liabilities	995	(35)	33,454	(240)	4,021	38,195	801
Compensated absences and OPEB	(23,236)	19,220	8,822	41,943	(7,678)	39,071	(322)
Customer deposits	1,450	-	520,705	-	-	522,155	-
Net cash provided by operating activities	$ 1,857,486	$ 1,233,517	$ 10,452,415	$ 675,000	$ 19,878	$ 14,238,296	$ 147,424
Noncash investing, capital and financing activities							
Capital contributions - developers	$ 304,166	$ 148,806	$ -	$ 380,524	$ -	$ 833,496	$ -

The accompanying notes are an integral part of this statement.

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS

NOTE 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.

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 another financing source. Amounts paid to reduce long-term debt of the City are reported as a reduction of the related liability, rather than an expenditure in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City's policy for revenues to be considered available is if they are collected with 45 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt-service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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 are used in the City to account for the self-insurance activities of the various funds and to account for the costs of operating a maintenance facility for City owned vehicles and equipment.

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.

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.

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, 2012 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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure (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 of three years or greater. 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 are depreciated using the straight-line method over the following estimated useful lives:

Buildings	10 to 40 years
Infrastructure	10 to 40 years
Improvements other than buildings	20 to 40 years
Machinery and equipment	3 to 15 years
Furniture and fixtures	5 to 10 years

Compensated Absences

For governmental funds amounts of vested or accumulated vacation leave and comp time that are not expected to be liquidated with 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, for governmental funds, most of the costs are paid by the general fund.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net 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, when incurred. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 though 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.

NOTE 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	$ 139,528,703
Investment in joint venture	1,683,796
Accumulated depreciation	(72,260,375)
Total difference	$ 68,952,124

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, 2012 were:

Sales tax revenue bonds	$ 10,365,000
Bond issuance premium	133,143
Interest payable on long-term debt	61,138
Net OPEB payable	2,487,229
Compensated absences	2,307,746
Total difference	$ 15,354,256

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	$	2,882,950
Capital contributions		2,087,025
Depreciation expense		(4,070,847)
Net difference, as reported	$	899,128

NOTE 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 and a public hearing.

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, and Capital Projects Fund. In the General Fund, budgets are adopted at the functional level and budgetary control is exercised at the departmental level. For Special Revenue Funds, budgets are adopted and control is exercised at the level of total expenditures for each individual fund.

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

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

Although Utah State law requires the initial preparation of budgets for all City funds (both governmental and proprietary), it only requires the reporting of actual versus such budgets for governmental funds.

Tax Revenues

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City. 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.

NOTE 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 the Money Management Council Rules with regard to deposits and investments.

As of June 30, 2012, the City's demand deposits and cash on hand totaled $6,032,628.

As of June 30, 2012, the City has investments in the Utah Public Treasurer's Investment Fund (PTIF) of $34,234,062. 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, 2012, $5,782,628 of the City's $6,032,628 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 PTIF fund has no investment rating.

Interest rate risk

This 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

This 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 is 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.

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

Cash and cash equivalents	$ 39,288,895
Restricted cash	977,795
	$ 40,266,690

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	$ 5,972,624	$ -	$ -	$ -	$ -	$ 3,731,178	$ -	$ 9,703,802
Accounts receivable	973,189	1,196,215	461,021	5,421,201	142,971	107,691	-	8,302,288
Special assessments	120	-	-	-	-	-	-	120
Notes receivable	1,273,743	-	-	-	-	330,386	-	1,604,129
Loans	3,604,644	-	-	-	-	-	-	3,604,644
Intergovernmental	2,704,220	-	111,150	-	-	113,498	-	2,928,868
Gross receivables	14,528,540	1,196,215	572,171	5,421,201	142,971	4,282,753	-	26,143,851
Less: allowance for uncollectibles	(273,593)	(12,332)	(9,170)	(156,054)	(2,402)	(2,088)	-	(455,639)
Net total receivables	$ 14,254,947	$ 1,183,883	$ 563,001	$ 5,265,147	$ 140,569	$ 4,280,665	$ -	$ 25,688,212

Governmental funds report *deferred revenue* in connection with receivables for revenues that are not considered available to liquidate liabilities. 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)	$ 1,273,743	$ -
Sales taxes receivable (General Fund)	1,291,258	-
Franchise taxes receivable (General Fund)	103,254	-
Property tax receivable (General Fund)	5,887,409	-
Property tax receivable (RDA Fund)	2,278,291	-
Property tax receivable (Library Fund)	1,432,160	-
Loan to UTOPIA for bond payments (General Fund)	3,604,644	-
Various prepayments received (General Fund)	-	127,732
Total deferred/unearned revenue for governmental funds	$ 15,870,759	$ 127,732

Notes Receivable

General Fund notes receivable includes a $1,273,743 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. This note was paid in full in October 2012.

Capital Assets

Capital asset activity for the year ended June 30, 2012 was as follows:

Governmental activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 12,624,238	$ 453,380	$ -	$ 13,077,618
Construction in progress	394,930	87,781	(394,930)	87,781
Total capital assets, not being depreciated	13,019,168	541,161	(394,930)	13,165,399
Capital assets, being depreciated:				
Buildings	31,448,612	252,002	-	31,700,614
Improvements other than buildings	16,072,009	-	-	16,072,009
Infrastructure	61,450,189	4,418,466	-	65,868,655
Machinery and equipment	11,431,832	153,276	(149,700)	11,435,408
Furniture and fixtures	1,286,618	-	-	1,286,618
Total capital assets being depreciated	121,689,260	4,823,744	(149,700)	126,363,304
Less accumulated depreciation for:				
Buildings	(10,839,732)	(836,518)	-	(11,676,250)
Improvements other than buildings	(11,019,249)	(787,100)	-	(11,806,349)
Infrastructure	(37,549,546)	(1,556,814)	-	(39,106,360)
Machinery and equipment	(7,744,150)	(851,768)	149,700	(8,446,218)
Furniture and fixtures	(1,182,615)	(42,583)	-	(1,225,198)
Total accumulated depreciation	(68,335,292)	(4,074,783)	149,700	(72,260,375)
Total capital assets, being depreciated, (net)	53,353,968	748,961	-	54,102,929
Net governmental capital assets	$ 66,373,136	$ 1,290,122	$ (394,930)	$ 67,268,328

Business-type activtities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	$ 6,894,695	$ 81,590	$ (2,216)	$ 6,974,069
Construction in progress	39,023	1,863,415	(39,023)	1,863,415
Total capital assets, not being depreciated	6,933,718	1,945,005	(41,239)	8,837,484
Capital assets, being depreciated:				
Buildings	6,061,001	-	-	6,061,001
Improvements other than buildings	142,761,164	1,710,510	-	144,471,674
Machinery and equipment	18,198,990	691,056	(150,021)	18,740,025
Furniture and fixtures	546,542	-	-	546,542
Intangibles	4,309,027	-	-	4,309,027
Total capital assets, being depreciated	171,876,724	2,401,566	(150,021)	174,128,269
Less accumulated depreciation for:				
Buildings	(4,531,164)	(102,638)	-	(4,633,802)
Improvements other than buildings	(78,777,181)	(4,405,870)	-	(83,183,051)
Machinery and equipment	(10,758,395)	(908,629)	73,115	(11,593,909)
Furniture and fixtures	(531,410)	(3,358)	-	(534,768)
Intangibles	(1,979,408)	(148,374)	-	(2,127,782)
Total accumulated depreciation and amortization	(96,577,558)	(5,568,869)	73,115	(102,073,312)
Total capital assets, depreciated (net)	75,299,166	(3,167,303)	(76,906)	72,054,957
Net business-type capital assets	$ 82,232,884	$ (1,222,298)	$ (118,145)	$ 80,892,441

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

General government	$ 710,668
Public safety	866,376
Highways and public improvements	1,717,152
Parks, recreation, and culture	780,587
Total depreciation expense - governmental activities	$ 4,074,783
Business-type activities:	
Water	$ 886,517
Waste Water	386,998
Storm Water	1,146,498
Power	2,970,438
Murray Parkway Recreation	178,418
Total depreciation expense - business-type activities	$ 5,568,869

Interfund Receivables, Payables and Transfers

At June 30, 2012, interfund balances due to or from other funds was as follows:

Receivable Fund	Payable Fund	Amount
General	Library	$ 347,273
General	CDBG	96,635
Water	Murray Parkway Recreation	205,245
		$ 649,153

Interfund loans are generally for working capital requirements and are expected to be repaid within the next few fiscal years. 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. In fiscal year 2012 the Murray Parkway Recreation Fund received a loan from the Water fund for $205,245 for the purchase of golf carts. The loan is for five years at 2.5% interest.

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, 2012 were as follows:

Fund Transferring Out	Fund Receiving Transfer	Amount
Water	General	$ 491,613
Waste Water	General	332,343
Storm Water	General	116,567
Power	General	2,267,472
Murray Parkway Recreation	General	22,000
Cemetery Perpetual Care	General	60,000
Library	General	66,160
Redevelopment Agency	General	884,488
Community Development	General	19,038
General	Telecommunication	100,000
General	MBA	1,000
General	Capital Projects	3,000,000
		$ 7,360,681

The City commonly budgets transfers to various funds to finance capital and operating costs. The City also uses an operational transfer from the enterprise funds to the general fund; this amount will not be repaid and is considered a return on investment.

Investments in Joint Ventures

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

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, 2012, 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.

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, 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 $1,179,387 in 2012. The Waste Water Fund made a net contribution of $153,758 to the Facility in 2012 and recorded a ($232,285) loss in joint venture resulting in a net decrease in its investment in the Facility of ($78,527).

During 2005, the Facility issued $35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2011 is $2,726,496. 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".

UAMPS' purpose includes 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 megawatts 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, 2012 is $2,181,245, reported as an intangible asset.

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

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

Separate financial statements for UAMPS may be obtained from the Manager of Finance at 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 for the annual budget. The Center determines the 911 assessments for the telephone users within the members' jurisdictions.

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

Drug Enforcement Administration - Metro Task Force

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

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City Corporation, Finance Department 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:

	Original Principal	Interest Rates
Storm water truck	$ 211,766	4.450%

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2012 were as follows:

June 30,	Totals
2013	$ 58,945
Total minimum lease payments	58,945
Less: interest portion	(2,511)
Present value of minimum lease payments	56,434
Amount due within one year	(56,434)
Amount due after one year	$ 0

Revenue Bonds

The City has issued bonds where the revenues and assets of the issuing fund are pledged as security for the bonds. During fiscal year 2012 the City authorized the Waste Water Fund to issue bonds in the amount of $2,626,000, but as of year end only $1,030,000 was issued.

Revenue bonds outstanding at June 30, 2012 by issue are as follows:

Bond Description	Original Issue	Annual Principal	Interest Rate	Final Due Date	Amount
Water/Sewer Series 2003 - partial defeasance	$ 8,500,000	$305,000 to $630,000	2.00% to 5.25%	10/1/2023	$ 1,180,000
Electric Series 2004	9,300,000	$305,000 to $685,000	3.00% to 5.25%	6/1/2025	6,840,000
Electric Series 2006	9,700,000	$15,000 to $1,500,000	4.00% to 5.00%	6/1/2021	9,485,000
Electric Series 2011	3,140,000	$1,020,000 to $1,070,000	4.60% to 4.85%	6/1/2014	2,120,000
Water/Sewer Series 2012	5,070,000	$60,000 to 600,000	2.575%	10/1/2023	5,070,000
Sewer Series 2012	2,626,000	$102,000 to 165,000	2.5%	10/1/2032	1,030,000
Sales Tax Series 2007	9,990,000	$710,000 to $875,000	3.75% to 5.000%	12/1/2020	6,120,000
Sales Tax Series 2009A	4,580,000	$275,000 to $405,000	3.00% to 4.40%	4/1/2023	3,445,000
Sales Tax Series 2009B	1,535,000	$235,000 to $275,000	3.00% to 3.75%	4/1/2015	800,000
	$ 54,441,000				$ 36,090,000

Revenue bond debt service requirements to maturity are as follows:

	Principal	Interest	Totals
2013	$ 3,450,000	$ 1,342,118	$ 4,792,118
2014	3,226,500	1,250,921	4,477,421
2015	3,361,500	1,148,497	4,509,997
2016	3,171,500	1,006,074	4,177,574
2017	3,216,500	869,643	4,086,143
2018 - 2022	15,627,500	2,414,414	18,041,914
2023 - 2027	3,727,500	303,746	4,031,246
2028 - 2032	257,500	25,751	283,251
2033	51,500	1,288	52,788
	$ 36,090,000	$ 8,362,452	$ 44,452,452

Current Refunding

In April 2012, the City issued $5,070,000 of Water and Sewer Refunding Bond Series 2012. The proceeds of the Series 2012 bonds of $5,070,000, net of issuance costs of $54,667, were used for a current refunding of $4,680,000 of Water and Sewer Bond Series 2003. The reacquisition price exceeded the net carrying amount of the old debt by $335,333. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt. The refunding was done to reduce total future debt service payments. The City realized an economic gain of $438,446 from the refunding.

Changes in Long-Term Liabilities

Long-term liability activity for the year ended June 30, 2012 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities					
Bonds payable:					
Sales tax	$ 11,850,000	$ -	$ (1,485,000)	$10,365,000	$ 1,505,000
Bond issuance premium	150,967	-	(17,824)	133,143	-
Total bonds payable	12,000,967	-	(1,502,824)	10,498,143	1,505,000
Capital leases	269,149	-	(269,149)	-	-
Compensated absences	2,644,843	2,030,224	(2,336,177)	2,338,890	1,688,592
Net OPEB payable	2,477,866	43,334	-	2,521,200	-
Governmental activities, long-term liabilities	$ 17,392,825	$ 2,073,558	$ (4,108,150)	$15,358,233	$ 3,193,592
Business-type activities					
Bonds payable:					
Revenue bonds payable	$ 26,130,000	$ 6,100,000	$ (6,505,000)	$25,725,000	$ 1,945,000
Deferred loss	-	(358,752)	7,474	(351,278)	-
Bond issuance premium	453,268	-	(38,236)	415,032	-
Total bonds payable	26,583,268	5,741,248	(6,535,762)	25,788,754	1,945,000
Capital leases	220,313	-	(163,879)	56,434	56,434
Compensated absences	1,081,580	730,249	(779,168)	1,032,661	651,615
Net OPEB payable	735,367	93,517	(5,527)	823,357	-
Business-type activities, long-term liabilities	$ 28,620,528	$ 6,565,014	$ (7,484,336)	$27,701,206	$ 2,653,049

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

Bond Description	Original Issue	Unpaid Balance June 30, 2012	Final Date of Maturity	Refunding Bonds
Water and Sewer Bonds Series 2003	$ 8,500,000	$ 4,680,000	10/1/2023	Water and Sewer Refunding Bonds 2012

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 materially 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.

Commitments

Utah Telecommunication Open Infrastructure Agency (UTOPIA)

The City entered into a Pledge and Loan Agreement with UTOPIA. UTOPIA is an interlocal cooperative created to finance, construct and operate a system of fiber optic communication lines in various cities in the state. UTOPIA leases use of the fiber optic system to retail vendors of telephone, video, and internet services. The pledge commits the City to set aside and deposit funds as security in a debt service fund for the portion of the project related to the City. The maximum amount committed by the City was $1,580,908 for the year ended June 30, 2012, 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 $3,604,644 at June 30, 2012 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.

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA'S market risk and administrative costs. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund.

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.

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, 2012, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled $97 million.

Redevelopment Agency

In connection with the activities of the Redevelopment Agency (RDA), incremental tax revenues totaling $1,990,651 was 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, 2012; however, the RDA has agreed to make payments on the Series 2009A and 2009B sales tax bonds.

During the year ended June 30, 2012, funds expended by the RDA were limited to the categories of debt service, capital outlay and administration costs. Administrative costs totaled $701,425, capital outlay costs totaled $20,000, and debt service payments totaled $834,488 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 statues.

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.

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. The City is required to contribute a percent of members' annual covered salary to the respective systems; 9.76% to the Local Government Contributory Retirement System, 13.77% to the related Noncontributory Retirement System, 27.07% to the Public Safety Noncontributory Retirement System, and 0.50% 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, 2012, 2011 and 2010, were equal to the required contributions for each year. The contribution amounts are as follows:

	2012	2011	2010
Local Governmental Contributory Retirement System	$ 139,372	$ 149,231	$ 153,142
Local Governmental Noncontributory Retirement System	1,647,739	1,823,498	1,611,044
Public Safety Retirement System for Employers with Social Security Coverage	983,825	1,030,602	933,857
Firefighters Retirement System	491,798	569,058	457,029

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 $720,372, $786,237, and $809,863 for the years ended June 30, 2012, 2011 and 2010, respectively.

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, 2012 was $59,614.

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 44 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 $199,869 in premiums for retirees during the fiscal year ended June 30, 2012. For governmental funds, most of the costs are paid by the general fund.

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

As of June 30, 2012, the date of the latest actuarial valuation, approximately 365 active employees and 43 inactive (retired) employees are receiving health insurance benefits from the City. The actuarial accrued liability (AAL) for benefits was $3.84 million, with no actuarial value of assets, resulting in an unfunded accrued liability of $3.84 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	$ 388,486
Interest on net OPEB obligation	128,529
Adjustments to annual required contribution	(185,822)
Annual OPEB cost (expense)	331,193
Contributions made	(199,869)
Increase in net OPEB obligation	131,324
Net OPEB obligation beginning of year	3,213,233
Net OPEB obligation end of year	$ 3,344,557

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2012 and the two preceding years were as follows:

Year Ended	Annual OPEB Cost	OPEB Cost Contributed	Net OPEB Obligation
June 30, 2010	$ 1,546,387	3.3%	$ 2,990,203
June 30, 2011	321,831	30.7%	3,213,233
June 30, 2012	331,193	60.3%	3,344,557

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 amounts 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 July1, 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 Unfunded Actuarial Accrued Liability is being amortized as a level dollar amount over 30 years based on an open group.

SUPPLEMENTARY INFORMATION

MURRAY CITY
COMBINING BALANCE SHEET – NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2012

	Special Revenue				Permanent	
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Block Grant Fund	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
ASSETS						
Cash and cash equivalents	$ 777	$ 576,121	$ 1,622,915	$ -	$ 1,316,228	$ 3,516,041
Receivables:						
Due from other governments	-	-	-	113,498	-	113,498
Property taxes	-	1,452,887	2,278,291	-	-	3,731,178
Restricted cash	-	15,627	-	-	-	15,627
Total assets	777	2,044,635	3,901,206	113,498	1,316,228	7,376,344
LIABILITIES						
Accounts payable	-	23,484	2,438	16,863	480	43,265
Accrued liabilities	-	17,976	-	-	-	17,976
Deferred revenue	-	1,432,160	2,278,291	-	-	3,710,451
Due to other funds	-	347,273	-	96,635	-	443,908
Total liabilities	-	1,820,893	2,280,729	113,498	480	4,215,600
FUND BALANCE						
Restricted for:						
Library endowment	-	15,627	-	-	-	15,627
Low income housing	-	-	445,033	-	-	445,033
Cemetery perpetual care	-	-	-	-	520,000	520,000
Assigned	777	208,115	1,175,444	-	795,748	2,180,084
Total fund balance	777	223,742	1,620,477	-	1,315,748	3,160,744
Total liabilities and fund balances	$ 777	$ 2,044,635	$ 3,901,206	$ 113,498	$ 1,316,228	$ 7,376,344

MURRAY CITY
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Special Revenue				Permanent	
	Municipal Building Authority	Library Fund	Redevelopment Agency	Community Development Block Grant Fund	Cemetery Perpetual Care Fund	Total Nonmajor Governmental Funds
REVENUES						
Taxes	$ -	$ 1,581,835	$ 1,990,651	$ -	$ -	$ 3,572,486
Intergovernmental	-	12,041	-	442,349	-	454,390
Charges for services	-	-	-	-	44,730	44,730
Fines and forfeitures	-	51,256	-	-	-	51,256
Investment income	1	6,847	9,552	-	9,254	25,654
Miscellaneous	-	6,813	-	-	-	6,813
Total revenues	1	1,658,792	2,000,203	442,349	53,984	4,155,329
EXPENDITURES						
Highways and public improvements	548	-	671,425	424,640	-	1,096,613
Parks, recreation, and culture	-	1,410,495	-	-	-	1,410,495
Debt service:						
Interest and fiscal charges	-	14,814	-	-	-	14,814
Total expenditures	548	1,425,309	671,425	424,640	-	2,521,922
Excess of revenues over (under) expenditures	(547)	233,483	1,328,778	17,709	53,984	1,633,407
OTHER FINANCING SOURCES (USES)						
Transfers in	1,000	-	-	-	-	1,000
Transfers out	-	(66,160)	(884,488)	(19,038)	(60,000)	(1,029,686)
Total other financing uses	1,000	(66,160)	(884,488)	(19,038)	(60,000)	(1,028,686)
Net change in fund balance	453	167,323	444,290	(1,329)	(6,016)	604,721
Fund balance, beginning of year	324	56,419	1,176,187	1,329	1,321,764	2,556,023
Fund balance, end of year	$ 777	$ 223,742	$ 1,620,477	$ -	$ 1,315,748	$ 3,160,744

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
MUNICIPAL BUILDING AUTHORITY – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Miscellanous	$ 1,000	$ -	$ -	$ -
Investment income	-	-	1	1
Total revenues	1,000	-	1	1
EXPENDITURES				
Highways and public improvements	1,000	1,000	548	452
Total expenditures	1,000	1,000	548	452
Excess (deficiency) of revenues over (under) expenditures	-	(1,000)	(547)	453
OTHER FINANCING SOURCES				
Transfers in	-	1,000	1,000	-
Total other financing sources	-	1,000	1,000	-
Net change in fund balance	$ -	$ -	453	$ 453
Fund balance at beginning of year			324	
Fund balance at end of year			$ 777	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
LIBRARY FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,570,836	$ 1,570,836	$ 1,581,835	$ 10,999
Intergovernmental	10,000	12,000	12,041	41
Fines and forfeitures	45,000	45,000	51,256	6,256
Investment income	3,000	3,000	6,847	3,847
Miscellaneous	7,000	7,000	6,813	(187)
Total revenues	1,635,836	1,637,836	1,658,792	20,956
EXPENDITURES				
Parks, recreation, and culture	1,396,507	1,389,212	1,410,495	(21,283)
Debt service				
Principal	105,132	108,549	-	108,549
Interest and fiscal charges	18,231	14,815	14,814	1
Total expenditures	1,519,870	1,512,576	1,425,309	87,267
Excess of revenues over expenditures	115,966	125,260	233,483	108,223
OTHER FINANCING USES				
Transfer out	(66,160)	(66,160)	(66,160)	-
Total other financing uses	(66,160)	(66,160)	(66,160)	-
Net change in fund balance	$ 49,806	$ 59,100	167,323	$ 108,223
Fund balance at beginning of year			56,419	
Fund balance at end of year			$ 223,742	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – REDEVELOPMENT FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Taxes	$ 1,790,020	$ 1,790,020	$ 1,990,651	$ 200,631
Investment income	8,000	8,000	9,552	1,552
Total revenues	1,798,020	1,798,020	2,000,203	202,183
EXPENDITURES				
Highways and public improvements	1,191,507	1,311,507	671,425	640,082
Total expenditures	1,191,507	1,311,507	671,425	640,082
Excess (deficiency) of revenues over (under) expenditures	606,513	486,513	1,328,778	842,265
OTHER FINANCING SOURCES (USES)				
Transfer out	(824,596)	(884,596)	(884,488)	108
Total other financing sources (uses)	(824,596)	(884,596)	(884,488)	108
Net change in fund balance	$ (218,083)	$ (398,083)	444,290	$ 842,373
Fund balance at beginning of year			1,176,187	
Fund balance at end of year			$ 1,620,477	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
COMMUNITY DEVELOPMENT BLOCK GRANT FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Intergovernmental	$ 357,200	$ 680,659	$ 442,349	$ (238,310)
Total revenues	357,200	680,659	442,349	(238,310)
EXPENDITURES				
Highways and public improvements	356,920	662,340	424,640	237,700
Total expenditures	356,920	662,340	424,640	237,700
Excess (deficiency) of revenues over (under) expenditures	280	18,319	17,709	(610)
OTHER FINANCING USES				
Transfer out	-	(12,062)	(19,038)	(6,976)
Total other financing uses	-	(12,062)	(19,038)	(6,976)
Net change in fund balance	$ 280	$ 6,257	(1,329)	$ (7,586)
Fund balance at beginning of year			1,329	
Fund balance at end of year			$ -	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – CAPITAL PROJECTS (MAJOR FUND) – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Investment income	$ 20,000	$ 20,000	$ 23,890	$ 3,890
Total revenues	20,000	20,000	23,890	3,890
EXPENDITURES				
General government	1,500,000	1,210,705	425,744	784,961
Highways and public improvements	1,430,000	1,109,053	1,098,030	11,023
Debt service				
Principal	-	269,149	269,149	-
Interest and fiscal charges	-	11,093	11,092	1
Total expenditures	2,930,000	2,600,000	1,804,015	795,985
Excess (deficiency) of revenues over (under) expenditures	(2,910,000)	(2,580,000)	(1,780,125)	799,875
OTHER FINANCING SOURCES (USES)				
Transfers in	150,000	3,150,000	3,000,000	(150,000)
Total other financing sources (uses)	150,000	3,150,000	3,000,000	(150,000)
Net change in fund balance	$ (2,760,000)	$ 570,000	1,219,875	$ 649,875
Fund balance at beginning of year			3,619,365	
Fund balance at end of year			$ 4,839,240	

MURRAY CITY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
CEMETERY PERPETUAL CARE FUND – BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012

	Budgeted Amounts			
	Original	Final	Actual Amounts	Variance with Final Budget
REVENUES				
Perpetual care fees	$ 52,000	$ 52,000	$ 44,730	$ (7,270)
Investment income	8,000	8,000	9,254	1,254
Total revenues	60,000	60,000	53,984	(6,016)
EXPENDITURES				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	60,000	60,000	53,984	(6,016)
OTHER FINANCING USES				
Transfers out	(60,000)	(60,000)	(60,000)	-
Total other financing uses	(60,000)	(60,000)	(60,000)	-
Net change in fund balance	$ -	$ -	(6,016)	$ (6,016)
Fund balance at beginning of year			1,321,764	
Fund balance at end of year			$ 1,315,748	

MURRAY CITY
STATEMENT OF NET ASSETS – INTERNAL SERVICE FUNDS
JUNE 30, 2012

	Central Garage Fund	Retained Risk Reserve Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	$ 77,568	$ 1,514,978	$ 1,592,546
Inventory	75,694	-	75,694
Total current assets	153,262	1,514,978	1,668,240
Noncurrent assets:			
Capital assets:			
Machinery and equipment	161,743	-	161,743
Less: accumulated depreciation	(106,224)	-	(106,224)
Total noncurrent assets	55,519	-	55,519
Total assets	208,781	1,514,978	1,723,759
LIABILITIES			
Current liabilities:			
Accounts payable	68,839	21,868	90,707
Accrued liabilities	5,350	250,000	255,350
Compensated absences	19,652	-	19,652
Total current liabilities	93,841	271,868	365,709
Noncurrent liabilities:			
Compensated absences	11,492	-	11,492
Net OPEB payable	33,971	-	33,971
Total noncurrent liabilities	45,463	-	45,463
Total liabilities	139,304	271,868	411,172
NET ASSETS			
Invested in capital assets	55,519	-	55,519
Unrestricted	13,958	1,243,110	1,257,068
Total net assets	69,477	1,243,110	1,312,587
Total liabilities and net assets	$ 208,781	$ 1,514,978	$ 1,723,759

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS –
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Central Garage Fund	Retained Risk Reserve Fund	Total
OPERATING REVENUES			
Charges for services	$ 305,715	$ 681,000	$ 986,715
Total operating revenues	305,715	681,000	986,715
OPERATING EXPENSES			
Administration and general	300,778	-	300,778
Depreciation and amortization	3,936	-	3,936
Self insurance claims	-	287,363	287,363
Insurance premiums	1,000	308,729	309,729
Total operating expenses	305,714	596,092	901,806
Operating income (loss)	1	84,908	84,909
NONOPERATING REVENUES (EXPENSES)			
Investment income	-	9,004	9,004
Total nonoperating revenues (expenses)	-	9,004	9,004
Change in net assets	1	93,912	93,913
Total net assets - beginning	69,476	1,149,198	1,218,674
Total net assets - ending	$ 69,477	$ 1,243,110	$ 1,312,587

MURRAY CITY
STATEMENT OF CASH FLOWS – INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Central Garage Fund	Retained Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	$ -	$ 681,000	$ 681,000
Payments to suppliers	(22,161)	(576,564)	(598,725)
Payments to employees	5,028	-	5,028
Net cash provided (used) by operating activities	(17,133)	104,436	87,303
Cash flows from investing activities			
Investment income	-	9,004	9,004
Net cash provided by investing activities	-	9,004	9,004
Net increase (decrease) in cash and cash equivalents	(17,133)	113,440	96,307
Cash and cash equivalents, beginning of year	34,580	1,401,538	1,436,118
Cash and cash equivalents, end of year	$ 17,447	$ 1,514,978	$ 1,532,425
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	$ 1	$ 84,908	$ 84,909
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation and amortization	3,936	-	3,936
Changes in assets and liabilities:			
Receivables	63,233		63,233
Inventory	(7,049)	-	(7,049)
Accounts payable	(17,612)	19,528	1,916
Accrued liabilities	801	-	801
Compensated absences & OPEB	(322)	-	(322)
Net cash provided (used) by by operating activities	$ 42,988	$ 104,436	$ 147,424

MURRAY CITY
STATEMENT OF NET ASSETS – NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2012

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecommunication Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 338,207	$ 394,234	$ 98,103	$ 830,544
Accounts receivable (net)	-	102,848	2,755	105,603
Notes receivable	-	-	18,338	18,338
Inventory	85,501	-	-	85,501
Total current assets	423,708	497,082	119,196	1,039,986
Noncurrent assets:				
Notes receivable	-	-	312,048	312,048
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	850,963	-	-	850,963
Accumulated depreciation	(4,540,257)	-	-	(4,540,257)
Total noncurrent assets	1,168,725	-	312,048	1,480,773
Total assets	1,592,433	497,082	431,244	2,520,759
LIABILITIES				
Current liabilities:				
Accounts payable	11,466	77,974	-	89,440
Accrued liabilities	33,736	-	-	33,736
Due to other funds	205,245	-	-	205,245
Compensated absences	67,353	-	-	67,353
Notes payable	-	-	18,338	18,338
Total current liabilities	317,800	77,974	18,338	414,112
Noncurrent liabilities:				
Notes payable	-	-	312,048	312,048
Compensated absences	39,387	-	-	39,387
Net OPEB payable	74,403	-	-	74,403
Total noncurrent liabilities	113,790	-	312,048	425,838
Total liabilities	431,590	77,974	330,386	839,950
NET ASSETS				
Invested in capital assets, net of related debt	1,168,725	-	-	1,168,725
Unrestricted	(7,882)	419,108	100,858	512,084
Total net assets	1,160,843	419,108	100,858	1,680,809
Total liabilities and net assets	$ 1,592,433	$ 497,082	$ 431,244	$ 2,520,759

MURRAY CITY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS – NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecommunication Fund	Total
OPERATING REVENUES				
Sales and charges for services	$ 1,562,957	$ 1,009,285	$ 33,780	$ 2,606,022
Total operating revenues	1,562,957	1,009,285	33,780	2,606,022
OPERATING EXPENSES				
Administration and general	84,845	73,030	-	157,875
Depreciation and amortization	178,418	-	-	178,418
Operations and maintenance	1,433,030	976,778	33,120	2,442,928
Total operating expenses	1,696,293	1,049,808	33,120	2,779,221
Operating income (loss)	(133,336)	(40,523)	660	(173,199)
NONOPERATING REVENUES (EXPENSES)				
Investment income	1,444	2,796	198	4,438
Interest and fiscal charges	(732)	-	-	(732)
Gain/(loss) on disposal of assets	6,500	-	-	6,500
Total nonoperating revenues (expenses)	7,212	2,796	198	10,206
Income before transfers	(126,124)	(37,727)	858	(162,993)
Transfers in	-	-	100,000	100,000
Transfers out	(22,000)	-	-	(22,000)
Change in net assets	(148,124)	(37,727)	100,858	(84,993)
Total net assets - beginning	1,308,967	456,835	-	1,765,802
Total net assets - ending	$ 1,160,843	$ 419,108	$ 100,858	$ 1,680,809

MURRAY CITY
STATEMENT OF CASH FLOWS – NONMAJOR PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2012

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecommunication Fund	Total
Cash flows from operating activities				
Receipts from customers and users	$ 1,562,957	$ 1,014,546	$ 31,025	$ 2,608,528
Payments to suppliers	(906,902)	(961,161)	(33,120)	(1,901,183)
Payments to employees	(614,437)	(73,030)	-	(687,467)
Net cash used by operating activities	41,618	(19,645)	(2,095)	19,878
Cash flows from noncapital financing activities				
Transfers from other funds	-	-	100,000	100,000
Transfers from (to) other funds	(22,000)	-	-	(22,000)
Changes to interfund receivables and payables	205,245	-	-	205,245
Net cash used by noncapital financing activities	183,245	-	100,000	283,245
Cash flows from capital and related financing activities				
Acquisition of capital assets	(83,195)	-	-	(83,195)
Proceeds from sale of assets	6,500	-	-	6,500
Interest and fiscal charges paid on capital debt	(1,346)	-	-	(1,346)
Principal paid on debt	(41,461)	-	-	(41,461)
Net cash used by capital and related financing activities	(119,502)	-	-	(119,502)
Cash flows from investing activites				
Investment income	1,444	2,796	198	4,438
Net cash provided by investing activities	1,444	2,796	198	4,438
Net increase (decrease) in cash and cash equivalents	106,805	(16,849)	98,103	188,059
Cash and cash equivalents, beginning of year	231,402	411,083	-	642,485
Cash and cash equivalents, end of year	$ 338,207	$ 394,234	$ 98,103	$ 830,544
Reconciliation of operating income (loss) to net cash provided by operating activities				
Operating income (loss)	$ (133,336)	$ (40,523)	$ 660	$ (173,199)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	178,418	-	-	178,418
Changes in assets and liabilities:				
Accounts receivable	-	5,261	(2,755)	2,506
Inventories	1,923	-	-	1,923
Accounts payable	(1,730)	15,617	-	13,887
Accrued liabilities	4,021	-	-	4,021
Compensated absences & OPEB	(7,678)	-	-	(7,678)
Net cash used by operating activities	$ 41,618	$ (19,645)	$ (2,095)	$ 19,878

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STATISTICAL SECTION

(Unaudited)

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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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

MURRAY CITY
NET ASSETS BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities										
Invested in capital assets, net of debt	$ 28,770	$ 28,343	$ 29,542	$ 52,275	$ 52,908	$ 52,903	$ 59,490	$ 58,427	$ 55,550	$ 56,770
Restricted	2,559	2,202	1,899	1,900	520	520	6,295	3,432	4,151	2,897
Unrestricted	13,451	15,689	18,077	20,642	18,270	22,141	8,984	10,222	14,273	17,717
Total governmental net assets	$ 44,780	$ 46,234	$ 49,518	$ 74,817	$ 71,698	$ 75,564	$ 74,769	$ 72,081	$ 73,974	$ 77,384
Business-type activities										
Invested in capital assets, net of debt	$ 53,545	$ 49,573	$ 39,193	$ 42,286	$ 56,427	$ 53,269	$ 53,074	$ 51,828	$ 55,429	$ 55,047
Restricted	2,155	4,283	314	314	-	-	1,003	1,000	1,005	-
Unrestricted	2,102	3,189	18,453	16,911	16,279	18,306	16,660	14,758	16,389	25,052
Total business-type net assets	$ 57,802	$ 57,045	$ 57,960	$ 59,511	$ 72,706	$ 71,575	$ 70,737	$ 67,586	$ 72,823	$ 80,099
Primary government										
Invested in capital assets, net of debt	$ 82,315	$ 77,916	$ 68,735	$ 94,561	$ 109,335	$ 106,172	$ 112,564	$ 110,255	$ 110,979	$ 111,817
Restricted	4,714	6,485	2,213	2,214	520	520	7,298	4,432	5,157	2,897
Unrestricted	15,553	18,878	36,530	37,553	34,549	40,447	25,644	24,980	30,662	42,769
Total primary government net assets	$ 102,582	$ 103,279	$ 107,478	$ 134,328	$ 144,404	$ 147,139	$ 145,506	$ 139,667	$ 146,798	$ 157,483

MURRAY CITY
CHANGES IN NET ASSETS
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Expenses										
Governmental activities										
General government	$ 4,137	$ 4,075	$ 4,054	$ 4,557	$ 5,090	$ 5,536	$ 9,033	$ 9,821	$ 10,198	$ 8,984
Public safety	12,392	13,214	13,877	14,387	15,758	15,990	18,182	18,459	17,790	16,679
Highways and public improvments	4,844	5,400	4,408	8,037	6,349	5,989	7,008	8,034	7,277	7,880
Parks, recreation, and culture	4,047	6,822	7,464	8,025	8,183	7,741	7,265	7,717	7,480	7,068
Interest on long term debt	782	764	774	709	427	489	559	621	548	440
Total governmental expenses	26,202	30,275	30,577	35,715	35,807	35,745	42,047	44,652	43,293	41,051
Business-type activities										
Power	30,597	30,183	30,428	32,394	33,585	35,397	35,358	32,420	32,432	31,190
Water	3,368	3,752	4,047	3,663	4,023	3,520	4,223	5,998	4,887	4,085
Waste water	2,926	2,945	3,033	3,404	3,354	2,746	3,563	3,274	2,732	3,255
Golf course	1,570	1,448	1,469	1,398	1,729	1,538	1,574	1,485	1,614	1,697
Storm water	215	214	-	-	1,463	1,382	1,392	1,421	1,691	1,885
Telecommunication	-	-	-	-	-	-	-	-	-	33
Solid waste	299	1,013	683	742	782	711	832	806	942	1,050
Total business-type activities expenses	38,975	39,555	39,660	41,601	44,936	45,294	46,942	45,404	44,298	43,195
Total primary government expenses	$ 65,177	$ 69,830	$ 70,237	$ 77,316	$ 80,743	$ 81,039	$ 88,989	$ 90,056	$ 87,591	$ 84,246
Program revenues										
Charges for services										
General government	$ 3,553	$ 3,963	$ 4,303	$ 3,272	$ 3,386	$ 3,616	$ 5,964	$ 5,926	$ 6,149	$ 3,423
Public safety	248	161	234	338	323	340	867	644	1,500	1,183
Highways & public improvements	711	670	1,743	798	1,041	-	97	85	78	99
Parks, recreation, and culture	1,041	1,341	1,431	1,541	1,724	1,742	1,678	1,750	1,925	1,775
Operating grants and contributions	-	307	370	457	555	365	457	406	1,385	4,478
Capital grants & contributions	1,741	1,613	1,366	1,491	14,893	1,591	1,232	2,179	2,472	2,087
Total governmental program revenues	7,294	8,055	9,447	7,897	21,922	7,654	10,295	10,990	13,509	13,045
Business-type activities										
Charges for services										
Power	$ 32,332	$ 29,041	$ 28,963	$ 29,904	$ 33,379	$ 33,707	$ 35,617	$ 33,187	$ 36,329	$ 37,628
Water	3,663	4,593	5,083	5,106	5,566	5,594	5,492	4,781	5,989	6,373
Waste water	3,059	3,250	3,887	3,257	3,399	3,448	3,556	3,397	4,072	4,348
Golf course	1,585	1,347	1,345	1,475	1,592	1,542	1,596	1,421	1,347	1,563
Storm water	-	24	272	278	1,522	1,508	1,467	1,400	1,433	1,403
Telecommunication	-	-	-	-	-	-	-	-	-	34
Solid waste	307	799	813	807	829	833	819	818	962	1,010
Capital grants & contributions	81	-	-	-	-	-	-	-	2,860	833
Total business-type program revenues	41,027	39,054	40,363	40,827	46,287	46,632	48,547	45,005	52,992	53,192
Total primary government program revenues	$ 48,321	$ 47,109	$ 49,810	$ 48,724	$ 68,209	$ 54,286	$ 58,842	$ 55,995	$ 66,501	$ 66,237
Net (expense)/revenue										
Governmental activities	$ (18,698)	$ (22,219)	$ (21,131)	$ (27,818)	$ (13,885)	$ (28,090)	$ (31,752)	$ (33,663)	$ (29,783)	$ (28,006)
Business-type activities	2,053	(502)	704	(774)	1,351	1,337	1,604	(399)	8,694	9,997
Total primary government net expense	$ (16,645)	$ (22,721)	$ (20,427)	$ (28,592)	$ (12,534)	$ (26,753)	$ (30,148)	$ (34,062)	$ (21,089)	$ (18,009)
General revenues & other changes in net position										
Governmental activities										
Taxes										
Property taxes	$ 5,707	$ 7,116	$ 6,801	$ 8,517	$ 8,784	$ 8,975	$ 8,774	$ 9,700	$ 9,823	$ 10,076
Franchise taxes	2,025	2,141	2,933	3,173	3,481	3,503	5,056	4,931	4,925	4,849
General sales taxes & highway sales taxes	11,796	12,952	13,677	15,115	15,235	15,288	12,444	12,293	12,800	12,847
Interest income	449	434	464	727	1,069	943	514	396	310	296
Gain/(loss) on sale & disposal of assets	134	88	127	115	109	165	51	(85)	-	11
Miscellaneous	205	492	203	202	324	269	1,181	735	196	207
Rent, transfers & miscellaneous	445	451	209	1,019	(10,781)	2,813	2,937	3,005	3,622	3,130
Total governmental activities	20,761	23,674	24,414	28,868	18,221	31,956	30,957	30,975	31,676	31,416
Business-type activities										
Interest income	177	196	369	785	831	760	434	215	183	245
Gain/(loss) on sale & disposal of assets	-	-	52	2,558	199	579	60	39	(17)	163
Rent & transfers	(445)	(452)	(209)	(1,019)	10,813	(2,813)	(2,937)	(3,005)	(3,622)	(3,130)
Total business-type activities	(268)	(256)	212	2,324	11,843	(1,474)	(2,443)	(2,751)	(3,456)	(2,722)
Total primary government	$ 20,493	$ 23,418	$ 24,626	$ 31,192	$ 30,064	$ 30,482	$ 28,514	$ 28,224	$ 28,220	$ 28,694
Change in net position										
Governmental activities	$ 2,063	$ 1,454	$ 3,284	$ 1,049	$ 4,336	$ 3,866	$ (796)	$ (2,687)	$ 1,893	$ 3,410
Business-type activities	1,785	(757)	915	1,551	13,194	(136)	(837)	(3,151)	5,238	7,275
Total primary government	$ 3,848	$ 697	$ 4,199	$ 2,600	$ 17,530	$ 3,730	$ (1,633)	$ (5,838)	$ 7,131	$ 10,685

MURRAY CITY
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
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
2012	10,075,782	12,613,871	4,849,560	85,884	-	27,625,097

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

MURRAY CITY
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General fund										
Reserved	$ 184	$ 1,580	$ 1,745	$ 1,280	$ 3,065	$ 3,035	$ 2,459	$ 1,490	$ -	$ -
Unreserved	4,145	4,032	6,233	7,781	8,092	5,962	7,060	7,522	-	-
Nonspendable	-	-	-	-	-	-	-	-	-	235
Restricted	-	-	-	-	-	-	-	-	2,159	1,917
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	-	-	-	-	-	-	-	-	10,546	9,150
Total General Fund	$ 4,329	$ 5,612	$ 7,978	$ 9,061	$ 11,157	$ 8,997	$ 9,519	$ 9,012	$ 12,705	$ 11,302
All other governmental funds										
Reserved	$ 2,149	$ 1,949	$ 1,978	$ 1,952	$ 575	$ 576	$ 5,077	$ 3,028	$ -	$ -
Unreserved	1,426	1,722	1,617	1,572	4,461	4,779	2,447	2,701	-	-
Nonspendable	-	-	-	-	-	-	-	-	20	-
Restricted	-	-	-	-	-	-	-	-	1,992	981
Assigned	-	-	-	-	-	-	-	-	4,163	7,019
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 3,575	$ 3,671	$ 3,595	$ 3,524	$ 5,036	$ 5,355	$ 7,524	$ 5,729	$ 6,175	$ 8,000

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

MURRAY CITY
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED BASIS OF ACCOUNTING)
(AMOUNTS EXPRESSED IN THOUSANDS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues										
Taxes & special assessments	$ 20,228	$ 22,837	$ 24,845	$ 25,247	$ 27,644	$ 27,939	$ 26,181	$ 27,222	$ 27,442	$ 27,625
Licenses & permits	1,052	1,025	2,235	1,449	1,659	1,629	1,236	1,180	1,439	1,526
Intergovernmental	1,952	1,920	1,736	1,948	2,099	1,956	1,688	2,585	3,423	4,478
Charges for services	1,365	1,586	1,776	1,985	2,122	2,043	5,586	5,434	6,256	6,051
Fines & forfeitures	1,842	2,150	2,384	2,300	2,477	2,026	1,784	1,791	1,958	1,897
Rents & concessions	747	1,060	1,326	1,314	1,297	-	-	-	-	-
Miscellaneous	205	492	203	202	325	269	1,181	734	196	207
Interest	439	434	464	727	1,026	905	496	391	306	286
Total revenues	27,830	31,504	34,969	35,172	38,649	36,767	38,152	39,337	41,020	42,070
Expenditures										
General government	4,069	4,302	4,566	5,105	5,407	5,212	7,969	7,991	7,952	9,697
Public safety	11,744	12,534	13,194	14,624	16,166	16,003	19,804	16,927	16,719	15,987
Highways & public improvements	4,705	4,768	3,952	6,340	3,619	3,342	3,467	4,738	4,657	6,204
Parks, recreation and culture	4,658	6,164	6,842	7,161	7,552	6,868	6,847	6,740	6,657	6,325
Capital outlay	5,864	4,095	2,967	231	1,371	8,358	4,342	5,134	1,058	2,883
Principal	585	935	1,260	1,300	1,340	1,305	1,723	2,066	2,634	1,754
Interest	777	745	772	713	448	515	515	659	589	475
Bond issuance costs	-	-	-	-	159	-	141	-	-	-
Pledge payment - UTOPIA	-	-	-	-	-	-	-	821	1,123	1,661
Total expenditures	32,402	33,543	33,553	35,474	36,062	41,603	44,808	45,076	41,389	44,986
Excess of revenues over (under) expenditures	(4,572)	(2,039)	1,416	(302)	2,587	(4,836)	(6,656)	(5,739)	(369)	(2,916)
Other financing sources (uses)										
Proceeds from borrowing	-	3,000	-	-	10,156	-	6,162	-	-	-
Payments to refunding bond escrow	-	-	-	-	(11,619)	-	(1,520)	-	-	-
Capital lease financing	-	-	733	180	-	-	1,557	207	-	-
Transfers in	560	25	245	1,576	5,195	8,809	4,681	4,181	4,824	7,261
Transfers out	(560)	(25)	(245)	(557)	(2,842)	(5,996)	(1,744)	(1,176)	(1,202)	(4,131)
Sales of capital assets	134	418	141	115	130	184	210	224	886	208
Total other financing sources (uses)	134	3,418	874	1,314	1,020	2,997	9,346	3,436	4,508	3,338
Net change in fund balances	$ (4,438)	$ 1,379	$ 2,290	$ 1,012	$ 3,607	$ (1,839)	$ 2,690	$ (2,303)	$ 4,139	$ 422
Debt service as a % of noncapital expenditures	4.39%	5.27%	6.45%	6.02%	5.22%	4.57%	5.26%	6.43%	8.44%	5.21%

MURRAY CITY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year Ending June 30	Total Real Taxable Assessed Value	Estimated Actual Real Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Total Direct Tax Rate
2003	$ 2,240,713,841	$ 2,870,000,000	78.07%	0.001865
2004	2,646,945,401	3,578,000,000	73.98%	0.001886
2005	2,759,982,137	3,720,000,000	74.19%	0.002006
2006	2,862,401,216	3,863,000,000	74.10%	0.001941
2007	3,288,381,528	4,420,000,000	74.40%	0.002203
2008	3,866,773,720	5,225,000,000	74.01%	0.001886
2009	4,098,025,336	6,075,000,000	67.46%	0.001767
2010	3,603,823,596	5,388,000,000	66.89%	0.002022
2011	3,516,872,832	6,218,000,000	56.56%	0.002163
2012	3,352,596,180	6,078,768,680	55.15%	0.002203

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
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS

	City Direct Rate	Overlapping Rates				
Fiscal Year	Total Murray City Direct	Murray School District	Murray City Library	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2003	0.001490	0.00647	0.00038	0.00294	0.00002	0.00040
2004	0.001510	0.00651	0.00038	0.00287	0.00003	0.00036
2005	0.001500	0.00664	0.00051	0.00282	0.00003	0.00035
2006	0.001450	0.00653	0.00049	0.00268	0.00003	0.00040
2007	0.001770	0.00595	0.00043	0.00235	0.00003	0.00040
2008	0.001520	0.00509	0.00037	0.00199	0.00002	0.00030
2009	0.001420	0.00479	0.00035	0.00192	0.00002	0.00029
2010	0.001630	0.00552	0.00040	0.00228	0.00003	0.00040
2011	0.001740	0.00593	0.00042	0.00259	0.00005	0.00042
2012	0.001772	0.00620	0.00043	0.00270	0.00005	0.00044

Source: Salt Lake County

MURRAY CITY
PRINCIPAL SALES TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO

	2012			2003		
Taxpayer	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes	Sales Tax Collections	Rank	Percentage of Total City Sales Taxes
Warehouse Store	$ 1,467,225	1	11.63%	$ -		
Clothing Store	639,742	2	5.07%	376,067	5	2.94%
Furniture Store	549,400	3	4.36%	613,163	1	4.80%
Auto Sales	546,997	4	4.34%	337,624	7	2.64%
Auto Sales	395,310	5	3.13%			
Auto Sales	372,409	6	2.95%	427,210	3	3.34%
Warehouse Store	357,296	7	2.83%	487,752	2	3.82%
Auto Sales	321,387	8	2.55%	382,641	4	2.99%
Auto Sales	307,599	9	2.44%	298,371	10	2.33%
Electronics Store	305,685	10	2.42%			
Electronics Store	303,351	11	2.40%	182,617	15	1.43%
Auto Sales	283,386	12	2.25%	302,101	8	2.36%
Municipality	255,382	13	2.02%	216,754	14	1.70%
Department Store	254,175	14	2.02%			
Electrical Supplies	228,408	15	1.81%	356,223	6	2.79%
Auto Sales				301,092	9	2.36%
Department Store				268,298	11	2.10%
Food Retailer				233,609	12	1.83%
Building Products				220,481	13	1.72%
Total Sales Tax	$ 12,613,871		52.23%	$ 12,785,017		39.14%

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
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN YEARS

Fiscal Year Ending June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	115,888	4,241,625	99.74%
2007	5,961,277	5,803,417	97.35%	110,310	5,913,727	99.20%
2008	5,680,958	5,382,672	94.75%	107,223	5,489,895	96.64%
2009	5,979,944	5,764,695	96.40%	157,907	5,922,602	99.04%
2010	5,863,420	5,669,616	96.69%	184,530	5,854,146	99.84%
2011	5,903,086	5,779,782	97.91%	67,940	5,847,722	99.06%
2012	5,903,253	5,839,394	98.92%	-	5,839,394	98.92%

Source: Salt Lake County Treasurer

MURRAY CITY
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN 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			
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
2012	10,365,000	-	25,725,000	56,434	36,146,434	1.97%	759

MURRAY CITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF JUNE 30, 2012

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	$ 17,815,000	100.00%	$ 17,815,000
Salt Lake County General Obligation Debt	258,300,000	4.54%	11,726,820
Other debt			
Salt Lake County Sales Tax Bonds	104,900,000	4.54%	4,762,460
Salt Lake County Lease Revenue Bonds	82,000,000	4.54%	3,722,800
Salt Lake County Capital Leases	1,000,000	4.54%	45,400
Salt Lake County Special Assessment Bonds	2,300,000	4.54%	104,420
Salt Lake County Transportation Rev. Bonds	77,600,000	4.54%	3,523,040
Salt Lake County Notes Payable	14,800,000	4.54%	671,920
Subtotal, overlapping debt			42,371,860
Murray City direct debt			10,365,000
Total direct and overlapping debt			$ 52,736,860

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

(1) The percentange of overlapping debt is based upon population per 2010 census.
(2) Murray City School District's debt is as of their fiscal year end which is June 30.
(3) Salt Lake County's debt is as of their fiscal year end which is December 31.

MURRAY CITY
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
(IN THOUSANDS OF DOLLARS)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Debt limit	$ 229,600	$ 286,240	$ 297,600	$ 309,040	$ 353,600	$ 418,000	$ 486,000	$ 431,040	$ 497,440	$ 486,302
Total net debt applicable to limit	18,977	29,739	39,085	48,960	45,620	42,815	44,285	41,070	37,980	36,090
Legal debt margin	$ 210,623	$ 256,501	$ 258,515	$ 260,080	$ 307,980	$ 375,185	$ 441,715	$ 389,970	$ 459,460	$ 450,212
Total net debt applicable to the limit as a percentage of debt limit	8.27%	10.39%	13.13%	15.84%	12.90%	10.24%	9.11%	9.53%	7.64%	7.42%

Legal Debt Margin Calculation for Fiscal Year 2012

Total reasonable fair cash value	$6,078,769
Debt limit (8% of fair cash value)	486,302
Debt applicable to debt limit	36,090
Legal debt margin	$ 450,212

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

MURRAY CITY
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 Principal	Debt Service Interest	Coverage
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
2012	37,868,196	27,374,850	10,493,346	1,505,000	763,671	4.63

2003, 2012 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
2012	10,860,873	5,570,615	5,290,258	440,000	160,730	8.81

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
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS

Year	Population(1)	Personal Income	Per Capita Personal Income(2)	Unemployement Rate(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%
2012	47,632	1,839,214,416	38,613	5.7%

(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
PRINCIPAL EMPLOYERS
AS OF JUNE 30, 2012

Employer	Industry Type	Employees	Rank
Intermountain Medical Center	Health Care	4463	1
Murray City School District	Public Education	861	2
Murray City Corporation	City Government	828	3
SelectHealth	Health Care	800	4
IHC Health Services	Health Care	757	5
University of Phoenix	Education	494	6
3M Health Information Systems	Data Processing Services	377	7
Costco Wholesale Corp	Retailer	309	8
Nordstrom, Inc	Retailer	303	9
Sorenson Bio Science	Manufacturer of Plastic Products	231	10

Source: Murray City Business Licensing

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

MURRAY CITY
FULL TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS

	Full Time Equivalent Employees as of June 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Function/Program										
General Government	66	66	68	66	65	59	59	63	60	61
Police										
Officers	70	72	75	75	78	78	75	77	79	73
Civilians	17	17	17	17	17	17	18	14	12	10
Fire										
Firefighters	50	50	50	50	52	52	59	61	60	58
Civilians	2	2	2	2	2	2	3	2	2	1
Highways & Public Improvements	38	40	40	42	36	35	35	34	34	28
Parks & Recreation	34	34	34	34	34	34	34	33	33	33
Library	10	10	10	10	10	9	9	12	9	11
Community & Economic Development	6	6	5	5	5	4	4	5	5	6
Central Garage	6	6	5	5	4	4	4	4	4	4
Power	55	56	54	54	54	54	55	55	52	46
Water	17	16	16	16	16	16	16	17	16	16
Wastewater	9	10	10	9	9	8	9	9	8	8
Golf Course	9	9	9	9	9	8	8	10	8	7
Storm Water	0	0	0	0	6	6	7	6	7	7
Total Full Time Equivalent Employees	389	394	395	394	397	386	395	402	389	369
Seasonal Employees	503	555	574	543	575	560	579	514	459	477
Total Employees	892	949	969	937	972	946	974	916	848	846

MURRAY CITY
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Physical arrests	3,528	4,318	4,563	4,260	2,549	2,194	2,588	2,735	2,484	2,436
Traffic citations	7,746	11,429	13,588	11,959	6,935	6,666	8,141	8,057	8,694	6,847
Fire										
Fire calls	1,163	1,030	1,086	1,261	1,252	1,261	1,496	1,306	1,231	1,622
Medical calls	3,473	3,141	3,490	3,456	3,687	3,962	3,741	3,801	3,781	3,515
Inspections	1,310	1,266	1,132	1,176	1,200	1,261	794	1,309	2,017	1,673
Parks & recreation										
Park center admissions	18,539	30,317	32,074	34,000	33,257	43,272	34,000	46,744	38,451	35,691
Recreation participants	13,653	14,873	15,581	15,320	15,484	16,447	17,779	15,402	14,242	14,219
Library										
Volumes in collection	82,335	82,602	81,643	85,861	84,236	86,723	90,627	86,892	85,100	77,069
Total volumes borrowed	307,901	340,622	352,306	339,282	365,855	406,842	418,169	524,179	524,487	568,372
Water										
Customers	9,310	9,356	9,304	9,456	9,490	9,825	9,890	9,932	9,946	9,946
Annual consumption (in millions of gallons)	2,729	2,711	3,234	2,750	3,865	3,344	3,784	2,519	2,650	2,841
Sewer										
Customers	8,722	8,784	8,817	8,953	8,966	8,977	9,151	9,181	9,181	9,194
Power										
Customers	15,999	16,087	16,112	16,269	16,500	16,546	16,637	16,671	16,701	16,744
Peak demand (KW)	93,150	98,300	93,310	98,560	98,246	107,110	98,327	97,000	97,490	98,100
Internal generation (MWH)	50,014	42,411	25,729	27,655	53,055	62,038	21,261	23,031	17,546	19,523
Purchased power (MWH)	331,056	397,312	369,312	383,825	361,917	449,567	448,487	412,385	412,943	419,388

MURRAY CITY
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Stations	1	1	1	1	1	1	2	2	2	2
Patrol units	36	38	38	38	40	41	42	41	41	40
Fire stations	3	3	3	3	3	3	4	4	4	4
Public works										
Streets(miles)	142	142	143	143	144	144	144	144	144	147
Streetlights	2409	2454	2458	2489	2584	2505	2610	2574	2584	2608
Parks & recreation										
Acreage	259	259	259	259	259	259	252	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	1	1	1	1	1	1	1	1	1	1
Water										
Water mains(miles)	176	177	178	178	179	183	185	185	192	201
Wastewater										
Sanitary sewers(miles)	122	124	125	125	125	124	128	128	128	129
Power										
Generators	4	4	4	4	4	5	5	5	5	5
Substations	4	4	4	4	5	5	6	6	6	6

COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT 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 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, 2012, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 14, 2012. 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

Management of the City is responsible for establishing and maintaining effective 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.

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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 12-1.

The City's response to the finding 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 response.

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 14, 2012

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of Murray City Corporation, Utah (the City), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The City's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs are the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

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

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

This report is intended solely for the information and use of management, the City Council, others within the organization, 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 14, 2012

MURRAY CITY
SCHEDULE OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA No.	Federal Award/ Contract No.	Award Amount	Disbursements/ Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Community Development Block Grant (CDBG)	14.218	BV03654	$ 323,459	$ 289,235
Community Development Block Grant (CDBG)	14.218	BV03754	213,246	154,443
Total HUD			536,705	443,678
U.S. Department of Transportation/Federal Highway Administration (FHWA)				
Highway Planning and Construction Grant - **ARRA**	20.205	F-LC35(182)	4,006,298	1,973,782
Total FHWA			4,006,298	1,973,782
U.S. Department of Homeland Security				
Homeland Security Grant	97.067	10-SHSP	30,181	18,892
Homeland Security Grant	97.067	2009-72-71002	18,250	14,926
Homeland Security Grant	97.067	2010-72-71102	4,468	4,468
Emergency Management Performance Grant	97.042	EMPG 11	10,000	10,000
Emergency Management Performance Grant	97.042	EMPG 12	8,500	4,250
Public Assistance Disaster Grant	97.036	DR-4011-UT	27,549	27,549
Total Department of Homeland Security			98,948	80,085
U.S. Department of Justice				
Justice Assistance Grant (JAG)	16.738	2010-DJ-BX-1417	40,626	220
Justice Assistance Grant (JAG)	16.738	2011-DJ-BX-2141	34,519	34,519
Victims of Crime Act Grant (VOCA)	16.575	11-VOCA-35	38,838	38,017
Total Department of Justice			113,983	72,756
Total Federal Awards			$ 4,755,934	$ 2,570,301

MURRAY CITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – PURPOSE OF THE SCHEDULE

The Schedule of Expenditures of Federal Awards (the Schedule) is a supplementary schedule to the basic financial statements. The Schedule is required by the U.S. Office of Management and Budget (OMB) Circular A-133, "Audits of States, Local Governments, and Non-Profits Organizations."

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The information in the schedule is presented in accordance with OMB Circular A-133. The Schedule is prepared using the same accounting policies and basis of accounting as the basic financial statements.

Major Programs

OMB Circular A-133 establishes the levels of expenditures or expenses and other criteria to be used in defining major federal financial assistance. The federal awards tested as major programs were CFDA number 14.218 and 20.205.

NOTE 3 – SUB-RECIPIENTS

The following amounts were passed through to sub-recipients:

CFDA #	Program	Amount
14.218	CDBG	$329,903
20.205	FWHA	$1,973,782

MURRAY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

A. Summary of Auditor's Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Murray City Corporation, Utah.

2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Report 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.

3. No instances of noncompliance material to the financial statements of Murray City, Corporation, Utah were disclosed during the audit.

4. The auditor's report compliance for the major federal award programs for Murray City Corporation, Utah expresses an unqualified opinion.

5. No significant deficiencies or material weaknesses relating to internal control over major federal programs were identified.

6. The programs tested as major programs were:

   Department of Housing and Urban Development – Community Development Block Grant (CDBG) – 14.218

   Department of Transportation – Highway Planning and Construction Grant – ARRA – 20.205

7. The threshold for distinguishing Type A and B programs was $300,000.

8. Murray City Corporation, Utah was determined to be a low-risk auditee.

MURRAY CITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011

No matters were reported in the prior year.

STATE COMPLIANCE SECTION

Hansen, Bradshaw, Malmrose & Erickson

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CERTIFIED PUBLIC ACCOUNTANTS

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Members of the Private Company Practice Section

INDEPENDENT AUDITORS' 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, 2012. 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 Tax Limitation	Utah Retirement System
	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, 2012. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with the *State of Utah Legal Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Responses as item 12-1.

Management's response to the finding 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, Office of the Utah State Auditor, awarding and pass-through entities, and other specified parties as applicable 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 14, 2012

MURRAY CITY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2012

State Legal Compliance Finding

Requirement/Program	Current Year Findings
12-1 Budgetary Compliance	Finding: State law requires that officers and employees of an entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department of fund. For the year ended June 30, 2012 expenditures exceeded budgeted amounts in the following category:

Fund	Department/Category	Amount Over Budget
General	Debt Service: Pledge Payment – UTOPIA	$140,930

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

Management's Response: The budgetary account for UTOPIA's debt service was over budget because UTOPIA used the debt service reserve account to cover fiscal year 2012 debt service payments. UTOPIA has since restricted its debt and there is no longer a debt service reserve account to use that could create uncertainty for the City's budget.