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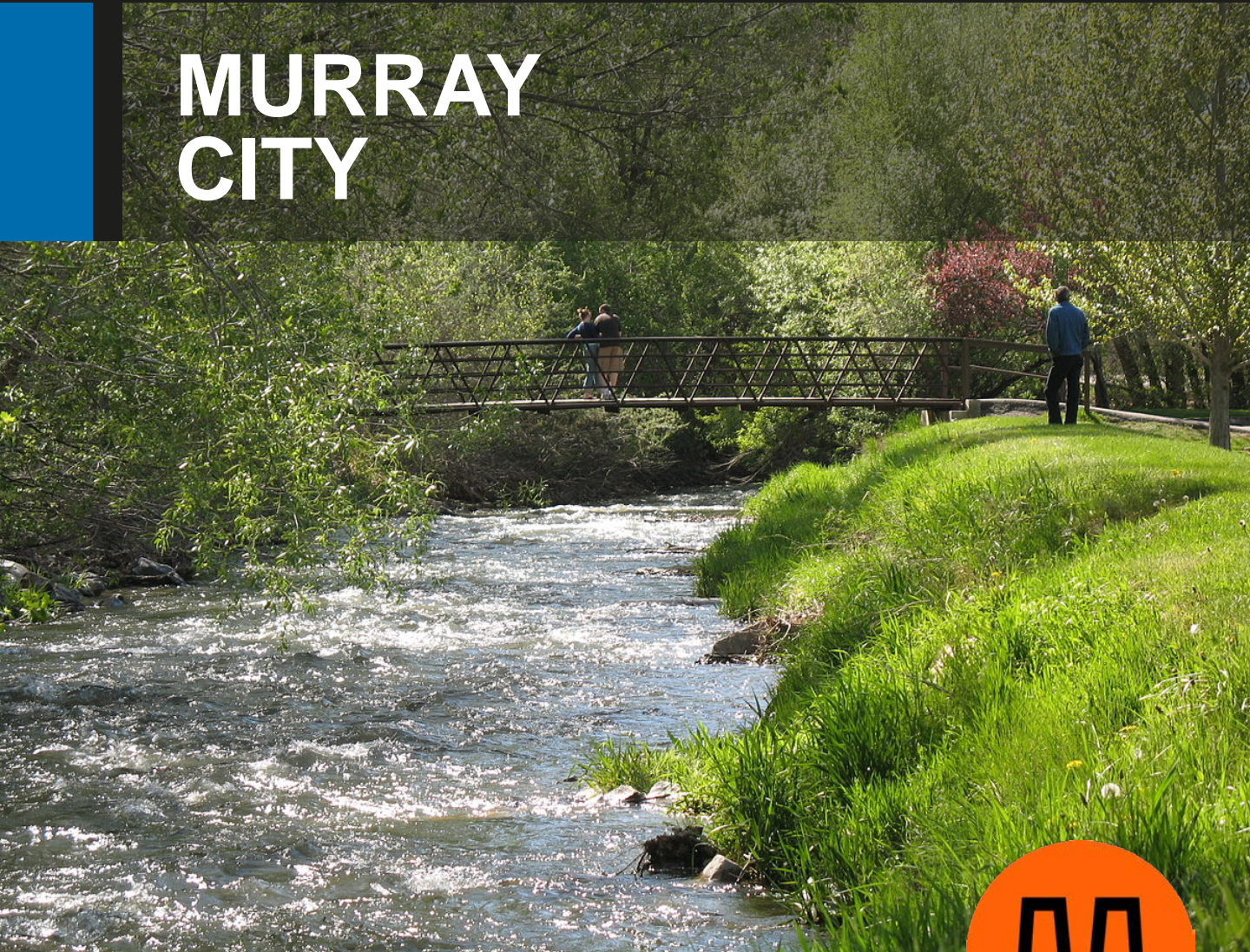
Fiscal
Year
Ending

30

June 2019

Comprehensive Annual Financial Report

MURRAY CITY



www.murray.utah.gov

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2019

Murray City Finance Department

Brenda Moore, CPA - Director of Finance & Administration
Nathanael Plaizier – Controller
JoAnn Miller – Senior Accountant
Danielle Judy – Payroll Coordinator
Tani Bell – Accounts Payable Technician



MURRAY CITY CORPORATION



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INTRODUCTORY SECTION



For Fiscal Year Ended June 30, 2019



November 25, 2019

LETTER OF TRANSMITTAL

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

The Comprehensive Annual Financial Report (CAFR) of Murray City (the City) for the fiscal year ending June 30, 2019, 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 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 HBME, LLC, a firm of licensed certified public accountants. The goal of the independent audit was to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

Factors Affecting Financial Conditions

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

Local Economy

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

Long-term Financial Planning

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

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to Murray City for its Comprehensive Annual Financial Report for the fiscal year ended June 30, 2018. This was the thirty-eighth consecutive year that the City has achieved this prestigious award. In order for a comprehensive annual financial report to be awarded a Certificate of Achievement, the City must publish a report which is easily-readable, efficiently-organized, and satisfies both generally-accepted accounting principles and applicable legal requirements.

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

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

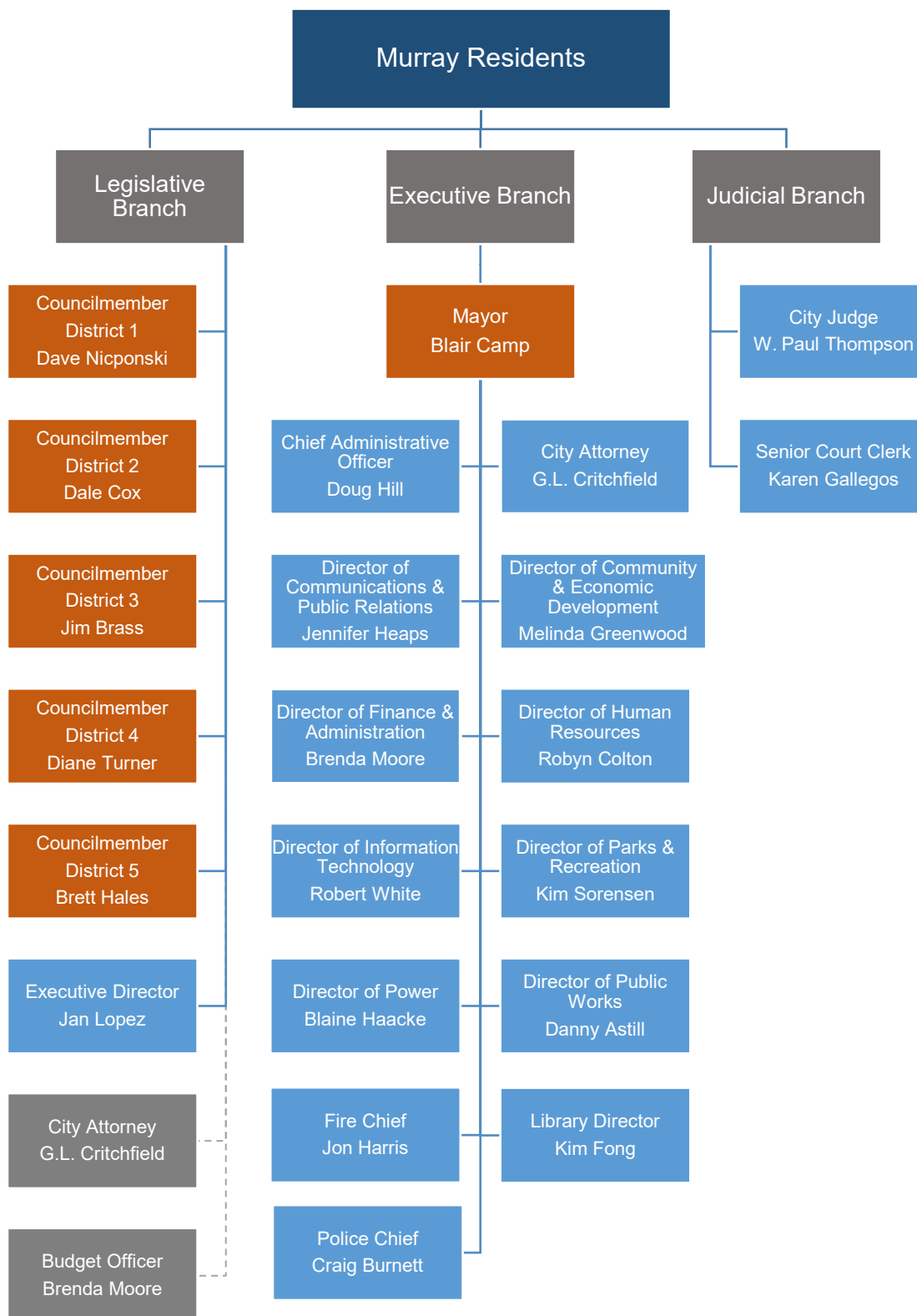
Respectfully submitted,



Brenda Moore, CPA
Finance & Administration Director



ORGANIZATIONAL CHART





ELECTED OFFICIALS AND ADMINISTRATION

Elected Officials

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

Appointed by Mayor and Council

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

Executive Team

Mayor	Blair Camp
Chief Administrative Officer	Doug Hill
City Attorney	G.L Critchfield
Director of Communications & Public Relations.....	Jennifer Heaps
Director of Community & Economic Development	Melinda Greenwood
Director of Finance & Administration	Brenda Moore
Director of Human Resources	Robyn Colton
Director of Information Technologies	Robert White
Director of Parks & Recreation	Kim Sorensen
Director of Power	Blaine Haacke
Director of Public Works	Danny Astill
Fire Chief	Jon Harris
Library Director	Kim Fong
Police Chief	Craig Burnett



ORGANIZATIONAL LIST – DIVISION LEVEL

The following lists the divisions by department.

Community & Economic Development

- Building Division
- Community & Economic Development
- Redevelopment Agency

City Attorney

- Civil Division
- Criminal Division
- Risk Management

City Council

- Office of the Council

Courts

Finance & Administration Department

- Finance & Accounting
- Budget
- Recorder's Office
- Treasurer's Office
- Utility Customer Service/Billing

Fire Department

- Administration
- Emergency Medical Services
- Fire Suppression

Human Resources

Information Technology

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

Library

Mayor's Office

Parks & Recreation Department

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

Police Department

- Administration
- Animal Control
- Community Services
- Investigations
- Patrol

Power Department

Public Services

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



Government Finance Officers Association

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

Presented to

**Murray City Corporation
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

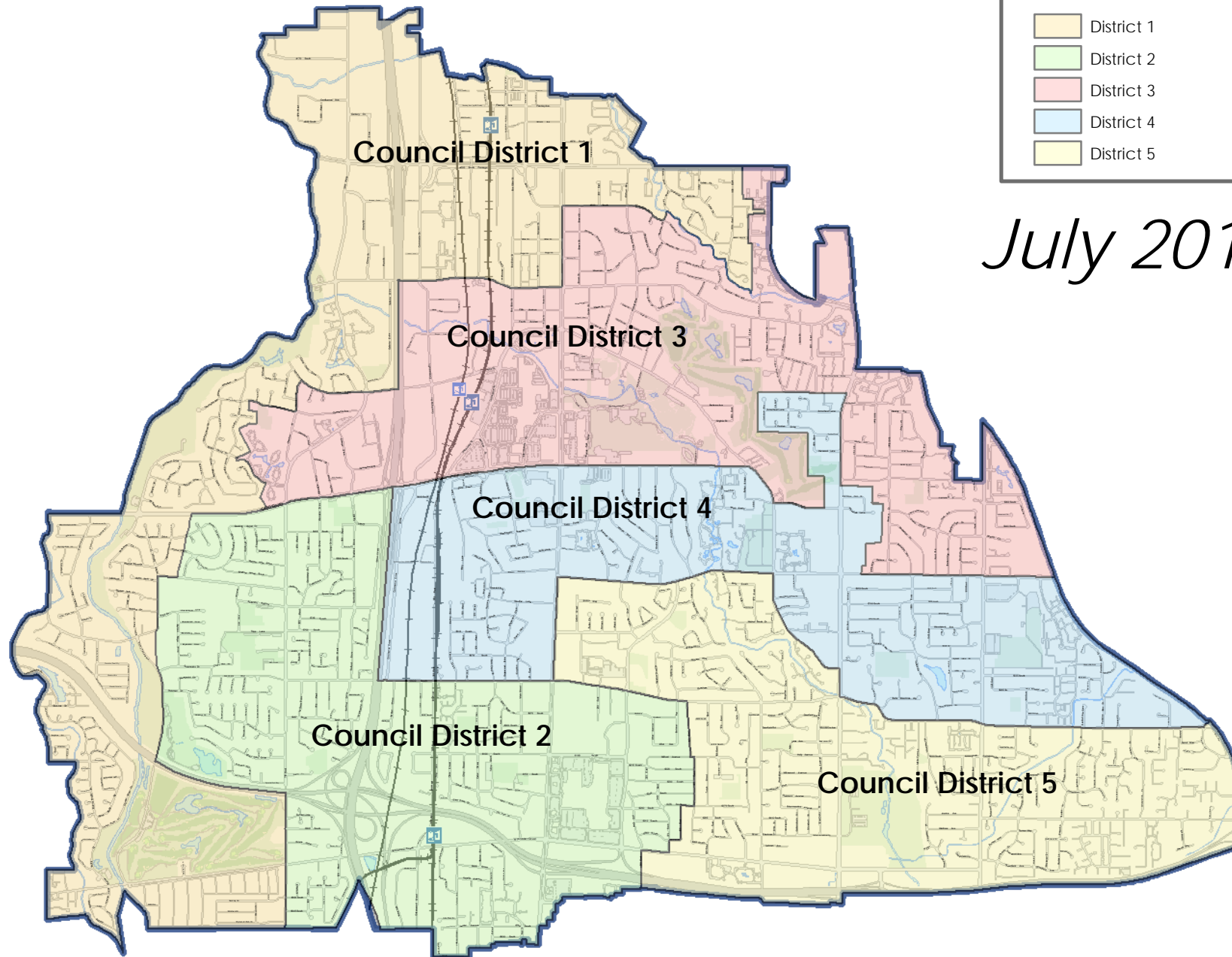
Christopher P. Morrill

Executive Director/CEO

Council Districts

- District 1
- District 2
- District 3
- District 4
- District 5

July 2019



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MURRAY

Murray City
GIS Division
4646 South 500 West
Murray, Utah 84123
www.murray.utah.gov

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guaranteed has been secured from
sources deemed reliable.

Murray City - Council Districts



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FINANCIAL SECTION



For Fiscal Year Ended June 30, 2019



COMMITTED. EXPERIENCED. TRUSTED

Independent Auditor's Report

CERTIFIED PUBLIC ACCOUNTANTS

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
DONALD M. JACK, CPA

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah ("the City"), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Murray City Corporation, Utah, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 11-26, the budgetary comparison information on pages 91-93, and pension schedules on pages 94-96 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBME, LLC

November 22, 2019



As management of Murray City, we offer readers of the Murray City financial statements this narrative overview and analysis of the financial activities of Murray City for the fiscal year ended June 30, 2019. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2019 by \$259,704,781 (net position). Of this amount, \$58,773,805 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Murray City's total net position increased by \$17,076,593. Of this increase, \$5,997,346 (35%) is attributable to governmental activities, and \$11,079,247 (65%) to business-type activities. The business-type activities of the City are planning for several major projects that are on the near-term horizon. In doing so, the City slowed down capital project spending and began building reserves. The Governmental Activities of the City recognized an increase in several revenue sources, as well as an increase in personnel costs (13%), operational costs (2%). The City received \$6,058,915 of donated infrastructure, \$3,597,392 in governmental activities (60% of net position increase), and \$2,461,523 in business-type activities (22% of the net position increase).
- Fiscal 2019 marked the first time in 13 years Murray City increased property tax rates. Property tax collected by the General Fund increased \$3,343,187 or 48.90%. Property tax collected by the Library fund increased \$1,006,635 or 60.9%. The additional revenue allowed the City to implement a step plan to help attract and retain public safety and other government personnel. It will also allow the library to return to previous levels of material purchases and start saving for a new Library.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$35,356,624. This is an increase of \$706,774 from the prior fiscal year. During fiscal year 2019, construction started on the new fire station 81, property was purchased from the Murray School district for future development, and design work started for a new city hall. These activities along with normal capital maintenance and construction accounted for a decrease in the capital projects fund balance of (\$2,154,662). The Library fund balance increased by \$1,011,562, as they started saving for a new building. The General Fund fund balance increased by \$1,115,728, and the Redevelopment Agency fund balance increased by \$818,244. The new fire station 81 is expected to be finished in January of 2020, and construction is expected to start on a new city hall in the spring of 2020.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,382,434 or 24.9 percent of actual general fund revenues. The General Fund's net change of fund balance was an increase of \$1,115,728 which was held to restore the General Fund's reserves to the maximum amount allowed by state law. In the General Fund, any revenues in excess of expenditures are transferred to the Capital Projects Fund to support infrastructure maintenance and improvements.
- Murray City's total long-term liabilities (excluding net pension liability) decreased by \$1,501,817 or 5.17%. This is due to normal bond and loan payment activity.



Report Overview

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

Government-Wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 27-28 of this report.

Fund Financial Statements

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

A. Governmental Funds

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



Fund Financial Statements (continued)

A. Governmental Funds (continued)

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

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

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

As of June 30, 2019, the City's combined governmental fund balance is \$35,356,624. Of that balance, \$693,899 is nonspendable, \$8,495,681 is restricted, \$1,348,881 is committed, \$13,435,729 is assigned, and \$11,382,434 is unassigned.

Additional details regarding governmental fund balances can be found in Note 1 on page 52 and Note 18 on page 88 of this report.

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

The City maintains the following five individual governmental funds:

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



A. Governmental Funds (continued)

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Projects Fund, Redevelopment Agency Fund, Library Fund and Cemetery Fund. The Cemetery Fund is the only nonmajor governmental fund, all other governmental funds are considered major.

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

The basic governmental fund financial statements can be found on pages 29-36 of this report.

B. Proprietary Funds

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

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the major funds of water, wastewater, power, and storm water funds. Information from the nonmajor proprietary funds are combined into a single, aggregated presentation. Individual fund information for these funds is provided in the form of combining statements in the supplementary information section on pages 103-106 of this report.

C. Notes to the Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 45 of this report.

D. Required Supplementary Information (RSI)

This section contains budget to actual comparison statements for the City's General Fund as well as the RDA and Library Funds. This section also contains required supplementary information for the City's pension program. The RSI section begins on page 91.



Fund Financial Statements (continued)

E. Other Information

In addition to the aforementioned statements and reports, this report also presents an additional supplementary information section and a statistical section which both give more detailed information to the reader. The supplemental section includes individual fund financial statements for the City's internal service funds and nonmajor enterprise funds. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 97, and the statistical section begins on page 107.

Government-Wide Financial Analysis

The following table summarizes the City's net position:

	Governmental Activities		Business-type Activities		Total	
	FY 2019	Restated FY 2018	FY 2019	Restated FY 2018	FY 2019	Restated FY 2018
Current and other assets	\$56,380,715	\$55,351,848	\$53,874,741	\$44,477,366	\$110,255,456	\$99,829,214
Capital assets	134,374,528	126,436,133	77,945,032	76,336,105	212,319,560	202,772,238
Total assets	190,755,243	181,787,981	131,819,773	120,813,471	322,575,016	302,601,452
Total deferred outflows of resources	8,230,669	7,426,040	2,658,675	2,495,632	10,889,344	9,921,672
Long-term liabilities	13,473,004	14,411,353	8,966,787	9,972,891	22,439,791	24,384,244
Net pension liability	14,944,103	7,622,926	4,569,416	2,385,340	19,513,519	10,008,266
Other liabilities	7,636,726	6,770,823	8,431,641	7,644,417	16,068,367	14,415,240
Total liabilities	36,053,833	28,805,102	21,967,844	20,002,648	58,021,677	48,807,750
Total deferred inflows of resources	15,450,981	18,925,167	286,921	2,162,019	15,737,902	21,087,186
Net position:						
Net investment in capital assets	121,878,833	112,200,603	69,010,594	66,552,577	190,889,427	178,753,180
Restricted	8,495,681	8,859,273	1,545,868	2,229,640	10,041,549	11,088,913
Unrestricted	17,106,584	20,423,876	41,667,221	32,362,219	58,773,805	52,786,095
Total net position	\$147,481,098	\$141,483,752	\$112,223,683	\$101,144,436	\$259,704,781	\$242,628,188

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Murray City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$259,704,781 as of June 30, 2019. This is an increase of \$17,076,593 from the previous fiscal year.

As of June 30, 2019, the City was able to report positive balances in all three categories of net position – government-wide, governmental activities, and business-type activities.



Government-Wide Financial Analysis (continued)

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

- *Net Investment in Capital Assets* - By far the largest portion of the City's position (73.5%) reflects its investments in capital assets (e.g., land, buildings, infrastructure, equipment, intangibles, and construction in progress), less any outstanding related debt used for acquisition of those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- *Restricted Net Position* - The decrease in restricted net position is the result of construction of various capital projects throughout the City.
- *Unrestricted Net Position* - As mentioned in the financial highlights, the City's governmental funds started the construction of Fire Station 81 and purchased property for future development. The business-type funds of the City are continuing to plan and build reserves for several major projects, several of which will start in fiscal year 2020. In addition, the City recognized an increase in several revenue sources and operational spending increases. These changes will be discussed in the following section.

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

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

(continued on the next page)

MURRAY CITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2019



Government-Wide Financial Analysis (continued)

The following table summarizes the City's operations:

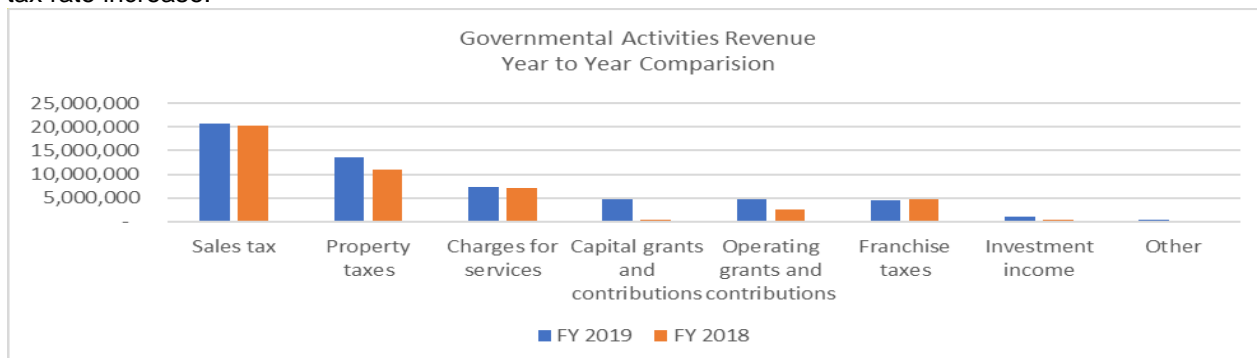
	Governmental Activities		Business-type Activities		Total	
		Restated		Restated		Restated
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenues						
Program revenues						
Charges for services	\$7,214,262	\$7,061,270	\$53,767,359	\$52,757,179	\$60,981,621	\$59,818,449
Operating grants and contributions	4,726,009	2,526,788	3,785	-	4,729,794	2,526,788
Capital grants and contributions	4,779,600	1,340,183	3,308,957	256,373	8,088,557	1,596,556
General revenues						
Sales tax	20,769,082	20,320,116	-	-	20,769,082	20,320,116
Property taxes	13,475,218	10,995,532	-	-	13,475,218	10,995,532
Franchise taxes	4,458,730	4,630,311	-	-	4,458,730	4,630,311
Investment income	1,007,119	454,651	1,076,072	626,714	2,083,191	1,081,365
Equity Investment income	-	-	1,173,263	-	1,173,263	-
Gain on disposal of assets	68,783	(1,685)	82,405	(105,360)	151,188	(107,045)
Miscellaneous	260,569	291,619	-	-	260,569	291,619
Total revenues	56,759,372	47,618,785	59,411,841	53,534,906	116,171,213	101,153,691
Expenses						
General government	11,047,620	8,858,312	-	-	11,047,620	8,858,312
Public safety	23,587,359	19,237,797	-	-	23,587,359	19,237,797
Highways & public improvements	7,993,016	6,252,493	-	-	7,993,016	6,252,493
Parks, recreation, and culture	9,157,805	9,930,761	-	-	9,157,805	9,930,761
Debt service - interest and fiscal charges	350,220	335,232	-	-	350,220	335,232
Water	-	-	4,863,636	4,827,726	4,863,636	4,827,726
Wastewater	-	-	4,463,502	6,748,288	4,463,502	6,748,288
Power	-	-	31,634,863	32,142,421	31,634,863	32,142,421
Murray Parkway	-	-	1,501,430	1,381,817	1,501,430	1,381,817
Telecommunications	-	-	71,788	83,179	71,788	83,179
Solid waste	-	-	1,714,125	1,616,099	1,714,125	1,616,099
Storm water	-	-	2,709,256	2,613,696	2,709,256	2,613,696
Total expenses	52,136,020	44,614,595	46,958,600	49,413,226	99,094,620	94,027,821
Increase in net position before transfers	4,623,352	3,004,190	12,453,241	4,121,680	17,076,593	7,125,870
Transfers - net	1,373,994	3,599,446	(1,373,994)	(3,599,446)	-	-
Increase in net position	5,997,346	6,603,636	11,079,247	522,234	17,076,593	7,125,870
Net position at beginning of year	141,483,752	134,880,116	101,144,436	100,622,202	242,628,188	235,502,318
Net position at end of year	\$147,481,098	\$141,483,752	\$112,223,683	\$101,144,436	\$259,704,781	\$242,628,188



Government-Wide Financial Analysis (continued)

Governmental Activities – Governmental activities increased the City's net position by \$5,997,346 which is approximately \$606,290 more than the prior year. Key elements affecting this increase in governmental activities net position are as follows:

- Total governmental activities revenue increased by \$9.1 million from the prior year. Of that amount, \$2.2 million is the result of an increase in operating grants and contributions; \$3.4 million from an increase in capital grants and contributions; \$2.4 million is growth in property taxes due to a property tax rate increase.



- Expenses for governmental activities grew by \$7.5 million. Personnel costs increased by 3.6 million due to insurance cost increases and the implementation of a step plan designed to attract and retain public safety employees. Additional increases were \$1.1 million in professional services for the design and preconstruction work on a new city hall, \$1.5 million in pension liabilities, and \$.6 million for maintenance of sidewalks and streets.

Business-type Activities – Business-type activities increased the City's net position by \$11,079,247. Key elements affecting this change in business-type net position are as follows:

- Central Valley Water Reclamation Facility (CVWRF) is currently in the process of rebuilding their water treatment plant and as a result the City reported an equity increase in FY2019 of \$984,025. There was also a prior period adjustment increase of \$4,575,567 in net position in FY2018 due to a change in how the City records the city portion of CVWRF bond liability.
- Total business-type activities revenue increased from the prior year due to the Water fund implementing a rate increase and instituting a tiered rate system which was mandated by the State of Utah. Business-type activities also received \$2,461,523 in donated assets from developers, an 860% increase over the \$256,373 donated in the prior year.
- In fiscal year 2019, the \$2,016,338 investment in Trans-Jordon Cities was transferred from the general government to the Solid Waste Fund, and the current fiscal year equity change is reported in the Solid Waste Fund. This change was made to better associate the investment with it's intended purpose.
- Total business-type activities expense decreased by approximately \$2.4 million from the prior year. Most of this decrease is the wastewater utility expense which was paid in FY2018 to Central Valley Water Reclamation Facility for the payment of the City's portion of CVWRF's outstanding debt. CVWRF is undertaking a large facility and system rehabilitation project which will require additional resources from the partners in this joint venture.



Fund Financial Analysis

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

A. Governmental Funds

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

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

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

As of June 30, 2019, the City's governmental funds reported combined fund balances of \$35,354,624. This represents an increase of \$706,774 from last year's ending balances.

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

- *Unassigned* - \$11,382,434, or 32.19%
- *Assigned* - \$13,435,729, or 38.00%
- *Committed* - \$1,348,881, or 3.82%
- *Restricted* - \$8,495,681, or 24.03%
- *Non spendable* - \$693,899, or 1.96%

General Fund

The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues exceeded expenditures (including other financing sources and uses) in the general fund by \$1,115,728. A transfer of \$7,039,033 to the capital projects fund was completed during the fiscal year. This transfer was made up of \$3.5 million of local option sales tax, and \$3.5 million of other revenue dedicated to the support of infrastructure maintenance and improvements. Because the local option sales tax has a sunset clause of June 30, 2030, the City considers this revenue as one-time and dedicated the majority to infrastructure maintenance and improvements in the Capital Projects Fund.

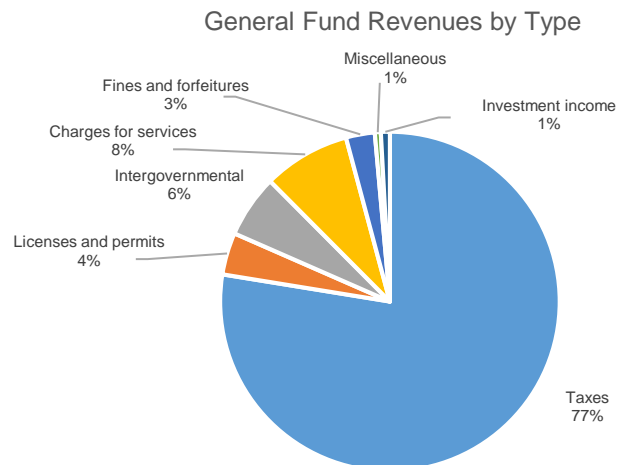


Fund Financial Analysis (Continued)

A. Governmental Funds (Continued)

In addition to the transfer to the Capital Projects Fund, the General Fund transferred \$60,000 to the Murray Parkway Fund to subsidize operations.

Taxes continue to be the largest source of revenue in the General Fund and represent 77.6% of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 58.7% of total tax revenues and 45.5% of total General Fund revenues. This compares with 49.1% of total General Fund revenues in the prior fiscal year. The percentage of sales tax to all General Fund revenues decreased in fiscal year 2019 due to a property tax rate increase. Property tax collections increased \$3.3 million dollars or 48.9%. Property tax is 22.3% of total General Fund revenues up from 16.5% in fiscal 2018.



General Fund expenditures increased during fiscal year 2019 to \$41,530,809 from \$37,632,080 in 2018. Personnel costs increased 3.6 million as a result of the implementation of a step plan designed to attract and retain public safety employees and increasing retirement and insurance costs. The remaining .3 million was due to increasing costs of operational expenses.

Capital Projects Fund

The Capital Projects Fund had a fund balance at the end of the year in the amount of \$18,013,230 which was below the fund balance of the previous year. The Capital Projects Fund received a transfer of \$7 million dollars from the General Fund which is intended to support future infrastructure and capital asset acquisition costs.

Expenditures increased from \$5.5 million in FY 2018 to \$10.5 million in FY 2019. This increase is due to the start of construction for fire station 81, a property purchase for future development, and design and preconstruction costs for a new city hall. The City has \$5.9 million of current outstanding construction commitments.



Fund Financial Analysis Continued

A. Governmental Funds Continued

Redevelopment Agency Fund

During fiscal year 2019, property tax collections from redevelopment areas increased 14% percent to a total of \$2,861,642 from \$2,506,977 in FY 2018. This increase is due to an increase in the Murray City property tax rate. The City continues to acquire property in the downtown area in preparation for a large redevelopment project which includes the relocation of both a fire station and city hall. The RDA fund balance increased \$818,244 to a total of \$2,807,837. A portion of this is the tax increment set aside for housing, and the remaining is unspent bond proceeds from the Series 2016 Sales Tax Revenue Bond issued for the purpose of property acquisition in the downtown area. These monies will be disbursed in a future fiscal year.

Expenditures in the RDA fund decreased substantially in FY 2019 due to the amount of property acquisition that occurred in FY 2018. Expenditures decreased from \$4,283,904 in FY 2018 to \$1,934,207 in FY 2019.

Library Fund

In FY 2019, the Library increased its property tax rate by 55% with a commitment to increase services and begin saving for the construction of a new facility within 3-5 years. Revenue increased in FY 2019 by \$1,038,974 or 60.2%. Expenses increased by \$170,621 or 10.8% due to the implementation of a step plan and increased purchases of library material. The restricted and unrestricted fund balance increased by \$1,011,562 to a total of \$1,733,965 as they start to save for a new library.

Cemetery Fund

The Cemetery Fund did not have any significant changes in either revenue or expenditures in FY 2019. The restricted and unrestricted fund balance decreased by \$84,098 to a total of \$1,348,881. The Cemetery Fund transferred \$129,100 to the Capital Projects Fund for the construction of new niches. These reserves are intended to support the perpetual care of the cemetery.

B. Proprietary Funds

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

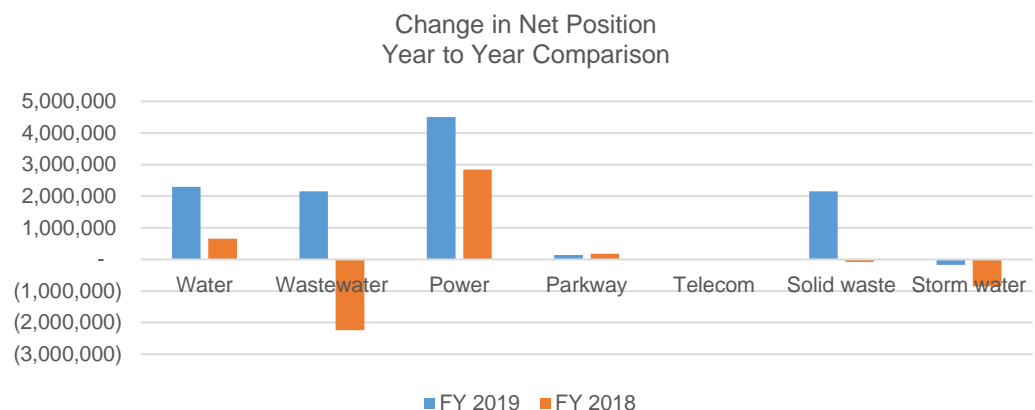
- The Water Fund's restricted and unrestricted net position decreased this fiscal year by (\$714,549) to a total of \$2,281,268, which is approximately 37.7% of current annual operating revenues. Due to a rate increase and implementation of a tiered rate structure revenue increased 9.5% from the previous year. Operating expenses increased by .9% for the year which was attributed to the implementation of an employee wage step plan. The City has several large infrastructure rehabilitation projects designed for the next fiscal year which will be funded from these reserves as well as a low-interest loan from the state's division of water resources. See Note 20 – subsequent events for more information regarding these projects.



Fund Financial Analysis Continued

A. Proprietary Funds Continued

- The Wastewater Fund's restricted and unrestricted net position decreased by \$13,731 this fiscal year to a total of \$10,593,959, which is 219% of the fund's current annual operating revenues.
- The Power Fund's restricted and unrestricted net position increased by \$6,644,696 this fiscal year to a total of \$26,339,609 which is approximately 69% of current annual operating revenues. The Power Funds operating revenue increased 1.6% while the operating expenses decreased by (1.6%). Reserves are intended to support the maintenance of this high-cost infrastructure system.
- The Storm Water Fund's revenues increased by 2.7% over the previous year due to a rate increase, however, it continued to record a decrease in net position. The storm water utility fee is currently under review to determine if rates are enough for cost-recovery. The total of the Storm Water Fund's restricted and unrestricted net position is \$2,403,391.
- The Parkway Fund (golf course) required transfers from both the General Fund (\$60,000) and Capital Projects Fund (\$310,000) in order to subsidize operations and capital for the fiscal year. The transfer from the Capital Projects Fund provided for the replacement of the driving range fence and vehicle replacements, while the transfer from the General Fund provided for operations. The City will continue to monitor this fund over the next year to identify service level versus demand. The City's FY 2020 budget includes subsidization of this fund by the General Fund. The Parkway Fund's unrestricted net position is (\$1,001,597) as a result of interfund loans which funded capital improvements in FY2017 and FY2018 (see Note 7 for details).
- The Solid Waste Fund's unrestricted net position increased by \$2,190,505 to a total of \$2,476,353. The unrestricted net position includes \$2,205,576 in investment in Trans-Jordan Cities which was transferred from the general government during FY2019. During this fiscal year, there was a major shift in the recycling market which dramatically increased the cost of material processing – a cost that will quickly use up the reserves in this fund. The City performed a service, cost, and rate study in FY 2019 and initiated a rate increase to start in July 2019 to address this concern.





General Fund Budgetary Highlights

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$47,758,906 to a final budget total of \$50,808,002 (6 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Expenditure budget adjustments made during the year can be summarized as follows.

- A. General government
 - \$45,200 for wage and insurance changes due to open enrollment and step plan.
 - \$108,660 for support of public initiatives.
 - \$15,000 for municipal court building maintenance
 - \$1,589,033 in additional transfer to the Capital Projects Fund
- B. Public safety
 - \$825,247 for grant-funded programs and services
 - \$49,956 for wage and insurance changes due to open enrollment and step plan.
 - \$71,000 for additional overtime in the fire department
- C. Highways and public improvements
 - \$210,000 for Class C road projects
 - (\$8,776) for wage and insurance changes due to open enrollment and step plan.
- D. Parks, recreation, and culture
 - \$110,000 for utilities due to increase water costs due to tiered water rate fee system.
 - \$(13,711) for wage and insurance changes due to open enrollment and set plan.
 - \$24,987 for support of arts and recreation programs
 - \$22,500 for reforestation grant supplies.

General fund budgeted revenues were amended from \$47,182,624 to \$48,427,687 (2.6 percent difference). Revenue budget adjustments made during the year can be summarized as follows.

- E. Building Permits
 - \$70,000 to revise the budget to actual receipts at year-end
- F. Intergovernmental Revenue
 - \$935,063 was budgeted for additional grants received during the year
- G. Charges for Services
 - \$30,000 to revise the budget to actual receipts at year-end
- H. Miscellaneous
 - \$210,000 for increased interest income and to revise the budget for actual receipts at year-end

During the year, actual revenues were greater than budgeted revenues by \$1,317,883. The majority consisted of (20%) building permit revenue, (21%) property tax revenue, (13%) motor vehicle taxes, and (13%) sales tax revenue. Actual expenditures were less than budgeted expenditures by \$2,178,160. The savings is due to careful spending by general government (35%), public safety (23%), highways and public improvements (22%) and parks & recreation (20%).



Capital Assets and Long-term Debt

A. Capital Assets

Murray City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019, amounts to \$212,319,560. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress. Infrastructure is defined as roads, utility systems, recreation systems, parks support systems, and so forth. In FY 2019, it was discovered that the land under the City's roads had not been capitalized as part of the GASB 34 implementation, nor had it been added when recognizing developer contributions of infrastructure. This necessitated a prior period adjustment of \$43,725,477. The total increase in fixed assets from the previous year's adjusted balance of the City's investment in capital assets was \$9,547,322 (4.71%).

	Governmental Activities		Business-type Activities		Total	
	FY 2019	Restated FY 2018	FY 2019	FY 2018	FY 2019	Restated FY 2018
Land	\$25,505,908	\$22,781,597	\$6,974,069	\$6,974,069	\$32,479,977	\$29,755,666
Road Land - right of ways	44,944,340	43,725,477	-	-	44,944,340	43,725,477
Construction in progress	5,743,358	2,630,992	5,103,577	1,105,464	10,846,935	3,736,456
Buildings	37,829,544	37,829,544	6,218,221	6,218,221	44,047,765	44,047,765
Infrastructure	91,990,344	88,383,650	172,551,307	169,687,586	264,541,651	258,071,236
Equipment	17,424,814	16,669,904	21,348,134	21,036,674	38,772,948	37,706,578
Intangibles	-	-	3,759,027	3,759,027	3,759,027	3,759,027
Accumulated depreciation	(89,063,780)	(85,585,031)	(138,009,303)	(132,444,936)	(227,073,083)	(218,029,967)
Total Capital Assets	\$134,374,528	\$126,436,133	\$77,945,032	\$76,336,105	\$212,319,560	\$202,772,238

During the year, the City spent \$14,561,069 (excluding donated assets) on assets.

Major capital asset events during the fiscal year 2019 include:

- The acquisition of former Murray School district property for future development for \$2,724,311.
- Construction in progress increased \$7,110,479 due to the commencement of multiple water, stormwater, streets, and wastewater infrastructure projects. Most of these projects will be completed in fiscal year 2020.
- Completion of the replacement of the Murray softball field lights for \$213,794.
- Replacement of the Willow Pond Park playground equipment for \$200,182.
- The acceptance of \$6,058,915 in developer-contributed assets including \$3,597,392 in donated roads & land under the roads, \$1,065,163 in donated water lines, \$792,695 in donated sewer lines, \$505,365 in donated storm drain infrastructure, and \$98,300 in donated streetlights.

Additional information on the City's capital assets can be found in Note 8 on pages 64-65 of this report.



Capital Assets and Long-term Debt (continued)

B. Long-term Debt

As of June 30, 2019, the City had total long-term bonded outstanding debt of \$22,362,139. The entirety of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

	Governmental Activities		Business-type Activities		Total	
	FY 2019	FY 2018	FY 2019	FY 2018	FY 2019	FY 2018
Revenue Bonds	\$13,285,695	\$14,199,939	\$9,076,444	\$9,955,430	\$22,362,139	\$24,155,369

The City's total bonded debt outstanding decreased by \$1,793,230 during the fiscal year (7.4%). This decrease is due to the normally scheduled debt principal payments.

The most recent bond ratings issued for Murray is AA+ from Fitch Ratings and AA from Standard & Poor's.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4% may be used for general purposes. The current limitation for the City is \$281,730,238, which is significantly in excess of the City's outstanding general obligation debt. The remaining 4 percent and any unused portion of the 4 percent is available for general purposes. Up to the maximum of 8 percent, may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer, and electrical projects is \$563,460,475, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt can be found in Note 12 on pages 69-72 of this report.

Economic Factors

- According to the U.S. Bureau of Labor Statistics, the unemployment rate in Salt Lake City as of June 2019 was 2.8% as compared to 3.0% of the previous year. The national unemployment rate was 3.7% as of June 2019 as compared to 4.0% of the previous year.
- According to the U.S. Bureau of Labor Statistics, in October 2019 the consumer price index (CPI) in the western region was up 2.8% from a year ago, while the CPI for the nation rose 2.3% for that same period.
- Statewide sales tax revenue increased by 5.0% in FY2019 which represents strong consumer confidence over the past year.

Next Year's Budgets and Rates

- The City continues its approach of budgeting conservatively to avoid revenue shortfalls. In FY2020, General Fund budgeted revenues increased \$1.83 million (4%) and budgeted expenditures increased \$1.04 million (4%), resulting in a balanced budget for FY2020.



Next Year's Budgets and Rates (Continued)

- The Majority of the General Fund revenue increase is due to a sales tax rate increase that was effective April 1, 2019. The sales tax rate imposed within the City's boundaries increased from 7.30% to 7.45%. This rate increase was authorized by the Utah state legislature to fund transportation projects. Murray City is entitled to 25% of the .15% sales tax increase for sales within the City. The FY2020 estimated budget for this Transportation tax is \$1,466,000 and must be used for transportation related projects.
- Historically, the City has budgeted the next year's sales tax revenue within 1% of the prior year's actual collections. This method reduces the City's exposure to negative economic changes. The budget for FY2020 was prepared using this same methodology and resulted in an increase in the budget of \$250.080 over the prior year's budget (1%).
- The City's utility rate schedules are approved and adopted for 5-year periods of time and based on both the utility master plans and current rate studies.
 - The water utility rate structure has recently transitioned from a flat rate to a tiered rate system. This change was mandated by state law and intended to promote water conservation. The water rate will increase by 5.5% per year through 2022.
 - The storm water utility rate will increase July 1, 2020 by \$1.00 per ERU (21.5%) and \$.65 per ERU yearly until 2025.
 - The sewer rate is structured to increase 5% per year through 2022.
 - The garbage and recycling rates increased 34% in FY2020 and is set to increase another 8% in FY2021, and then will be reevaluated. Recent global changes to how recycling is handled required the City to undergo a rate study and implement increases.
 - The City's power system is currently self-sufficient with its current rate schedule. No rate increases are anticipated in the near future.

Requests for Information

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

Brenda Moore, CPA
Murray City Finance Director
5025 South State Street
Murray, Utah 84107
(801) 264-2513
bmoore@murray.utah.gov

BASIC FINANCIAL STATEMENTS



For Fiscal Year Ended June 30, 2019

Government-Wide Financial Statements



STATEMENT OF NET POSITION

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 18,274,716	\$ 21,563,798	\$ 39,838,514
Investments	11,147,944	7,949,870	19,097,814
Accounts receivable (net of allowance)	15,129,803	6,994,916	22,124,719
Notes receivable	-	27,683	27,683
Due from other governments	4,339,941	4,160	4,344,101
Inventory	59,513	2,618,422	2,677,935
Prepaid items	676,939	583	677,522
Total current assets	49,628,856	39,159,432	88,788,288
Noncurrent assets			
Restricted cash	6,751,859	4,005,465	10,757,324
Notes receivable	-	252,765	252,765
Investments in joint ventures	-	10,457,079	10,457,079
Capital assets			
Land	25,505,908	6,974,069	32,479,977
Road land - right of ways	44,944,340	-	44,944,340
Construction in progress	5,743,358	5,103,577	10,846,935
Buildings	37,829,544	6,218,221	44,047,765
Infrastructure	91,990,344	172,551,307	264,541,651
Equipment	17,424,814	21,348,134	38,772,948
Intangibles	-	3,759,027	3,759,027
Accumulated depreciation and amortization	(89,063,780)	(138,009,303)	(227,073,083)
Total noncurrent assets	141,126,387	92,660,341	233,786,728
Total assets	190,755,243	131,819,773	322,575,016
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on bond refunding	-	142,006	142,006
Deferred outflows related to pensions	8,230,669	2,516,669	10,747,338
Total deferred outflows of resources	8,230,669	2,658,675	10,889,344
LIABILITIES			
Current liabilities			
Accounts payable	1,989,767	3,315,848	5,305,615
Accrued liabilities	1,541,067	751,768	2,292,835
Accrued interest payable	63,424	114,500	177,924
Customer deposits	706,930	2,459,597	3,166,527
Compensated absences	2,545,538	868,245	3,413,783
Notes payable	-	27,683	27,683
Bonds and leases payable	790,000	894,000	1,684,000
Total current liabilities	7,636,726	8,431,641	16,068,367
Noncurrent liabilities			
Compensated absences	977,309	531,578	1,508,887
Net pension liability	14,944,103	4,569,416	19,513,519
Notes payable	-	252,765	252,765
Bonds and leases payable	12,495,695	8,182,444	20,678,139
Total noncurrent liabilities	28,417,107	13,536,203	41,953,310
Total liabilities	36,053,833	21,967,844	58,021,677
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	938,364	286,921	1,225,285
Deferred property taxes	14,512,617	-	14,512,617
Total deferred inflows of resources	15,450,981	286,921	15,737,902
NET POSITION			
Net investment in capital assets	121,878,833	69,010,594	190,889,427
Restricted			
Capital	8,437,812	1,369,426	9,807,238
Debt service	869	176,442	177,311
Other purposes	57,000	-	57,000
Unrestricted	17,106,584	41,667,221	58,773,805
Total net position	\$ 147,481,098	\$ 112,223,683	\$ 259,704,781

The accompanying notes are an integral part of this statement.



STATEMENT OF ACTIVITIES

	Program Revenues				Net Revenues (Expense) and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities							
General government	\$ 11,047,620	\$ 3,309,684	\$ 2,224,801	\$ -	\$ (5,513,135)		\$ (5,513,135)
Public safety	23,587,359	2,041,089	566,806	149,541	(20,829,923)		(20,829,923)
Highways and public improvements	7,993,016	-	1,809,787	4,597,392	(1,585,837)		(1,585,837)
Parks, recreation, and culture	9,157,805	1,863,489	124,615	32,667	(7,137,034)		(7,137,034)
Debt service - interest and fiscal charges	350,220	-	-	-	(350,220)		(350,220)
Total governmental activities	52,136,020	7,214,262	4,726,009	4,779,600	(35,416,149)		(35,416,149)
Business-type activities							
Water	4,863,636	6,046,076	-	1,462,331		\$ 2,644,771	2,644,771
Wastewater	4,463,502	4,833,713	-	1,065,148		1,435,359	1,435,359
Power	31,634,863	37,848,999	3,785	231,990		6,449,911	6,449,911
Murray Parkway	1,501,430	1,254,059	-	-		(247,371)	(247,371)
Telecom	71,788	73,943	-	-		2,155	2,155
Solid Waste	1,714,125	1,792,750	-	-		78,625	78,625
Storm Water	2,709,256	1,917,819	-	549,488		(241,949)	(241,949)
Total business-type activities	46,958,600	53,767,359	3,785	3,308,957		10,121,501	10,121,501
Total primary government	\$ 99,094,620	\$ 60,981,621	\$ 4,729,794	\$ 8,088,557	(35,416,149)	10,121,501	(25,294,648)
General Revenues:							
Taxes							
Sales					20,769,082	-	20,769,082
Property					13,475,218	-	13,475,218
Franchise					4,458,730	-	4,458,730
Investment income					1,007,119	1,076,072	2,083,191
Equity investment income					-	1,173,263	1,173,263
Gain on sale and disposal of assets					68,783	82,405	151,188
Miscellaneous					260,569	-	260,569
Transfers - net					1,373,994	(1,373,994)	-
Total general revenue					41,413,495	957,746	42,371,241
Change in net position					5,997,346	11,079,247	17,076,593
Net position - beginning					97,758,275	96,568,869	194,327,144
Prior period adjustment					43,725,477	4,575,567	48,301,044
Net position - ending					\$ 147,481,098	\$ 112,223,683	\$ 259,704,781

The accompanying notes are an integral part of this statement.



GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

Capital Projects Fund

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

Redevelopment Agency (RDA) Fund

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

Library Fund

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

Cemetery Perpetual Care Fund (Nonmajor)

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



BALANCE SHEET - GOVERNMENTAL FUNDS

(Page 1 of 2)

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Library Fund
ASSETS				
Cash and cash equivalents	\$ 3,648,805	\$ 9,163,332	\$ 1,771,744	\$ 1,746,267
Investments	5,112,347	3,345,093	1,010,833	-
Accounts receivable (net of allowance)				
Property taxes	9,272,884	-	2,935,290	2,410,390
Other	498,418	-	12,821	-
Due from other governments	4,339,941	-	-	-
Prepaid items	12,767	634,699	-	29,473
Restricted cash	706,440	6,012,230	16,229	16,960
Total assets	<u>\$ 23,591,602</u>	<u>\$ 19,155,354</u>	<u>\$ 5,746,917</u>	<u>\$ 4,203,090</u>
LIABILITIES				
Accounts payable	\$ 784,756	\$ 1,142,124	\$ 2,790	\$ 40,198
Accrued liabilities	1,222,294	-	-	40,363
Deposits	705,930	-	1,000	-
Total liabilities	<u>2,712,980</u>	<u>1,142,124</u>	<u>3,790</u>	<u>80,561</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred ambulance billing	237,148	-	-	-
Deferred property taxes	9,188,763	-	2,935,290	2,388,564
Total deferred Inflows of resources	<u>9,425,911</u>	<u>-</u>	<u>2,935,290</u>	<u>2,388,564</u>
FUND BALANCE				
Nonspendable	12,767	634,699	-	46,433
Restricted	57,510	7,144,314	1,293,857	-
Committed	-	-	-	-
Assigned	-	10,234,217	1,513,980	1,687,532
Unassigned	11,382,434	-	-	-
Total fund balances	<u>11,452,711</u>	<u>18,013,230</u>	<u>2,807,837</u>	<u>1,733,965</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 23,591,602</u>	<u>\$ 19,155,354</u>	<u>\$ 5,746,917</u>	<u>\$ 4,203,090</u>

The accompanying notes are an integral part of this statement.



BALANCE SHEET - GOVERNMENTAL FUNDS (continued)
(Page 2 of 2)

	(Nonmajor) Cemetery Fund	Total Governmental Funds
<u>ASSETS</u>		
Cash and cash equivalents	\$ 333,147	\$ 16,663,295
Investments	1,015,734	10,484,007
Accounts receivable (net of allowance)		
Property taxes	-	14,618,564
Other	-	511,239
Due from other governments	-	4,339,941
Prepaid items	-	676,939
Restricted cash	-	6,751,859
Total assets	<u>\$ 1,348,881</u>	<u>\$ 54,045,844</u>
<u>LIABILITIES</u>		
Accounts payable	\$ -	\$ 1,969,868
Accrued liabilities	-	1,262,657
Deposits	-	706,930
Total liabilities	<u>-</u>	<u>3,939,455</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred ambulance billing	-	237,148
Deferred property taxes	-	14,512,617
Total deferred Inflows of resources	<u>-</u>	<u>14,749,765</u>
<u>FUND BALANCE</u>		
Nonspendable	-	693,899
Restricted	-	8,495,681
Committed	1,348,881	1,348,881
Assigned	-	13,435,729
Unassigned	-	11,382,434
Total fund balances	<u>1,348,881</u>	<u>35,356,624</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,348,881</u>	<u>\$ 54,045,844</u>

The accompanying notes are an integral part of this statement.



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

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

Total fund balances for governmental funds	\$ 35,356,624
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	134,374,528
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(63,424)
Long-term liabilities, including bonds, capital leases, compensated absences, and net pension liability are not due and payable in the current period and, therefore, are not reported in the funds.	(31,402,819)
Deferred pension inflows and outflows are not associated with the use of current financial resources and, therefore, are not reported in the funds balance sheet.	7,148,880
Deferred inflows of resources associated with the General Fund's ambulance billings are removed in the Statement of Net Position.	237,148
The internal service funds are used by management to charge the costs of fleet management and risk management to other funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	<u>1,830,161</u>
Net position of governmental activities	<u>\$ 147,481,098</u>

The accompanying notes are an integral part of this statement.



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

(Page 1 of 2)

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Library Fund
REVENUES				
Sales tax	\$ 20,769,082	\$ -	\$ -	\$ -
Property taxes	10,179,734	-	636,841	2,658,643
Franchise taxes	4,458,730	-	-	-
Licenses and permits	1,829,569	-	-	-
Intergovernmental	2,726,012	1,055,675	2,224,801	12,000
Charges for services	3,783,170	-	-	-
Fines and forfeitures	1,253,562	-	-	33,627
Miscellaneous	259,619	8,753	137,560	11,013
Investment income	391,360	376,888	87,649	50,169
Total revenues	45,650,838	1,441,316	3,086,851	2,765,452
EXPENDITURES				
General government	6,817,712	4,624,602	-	-
Public safety	21,757,068	3,363,174	-	-
Highways and public improvements	4,385,428	1,897,738	1,361,789	-
Parks, recreation, and culture	6,089,329	646,603	-	1,753,890
Debt service:				
Principal	470,000	-	301,000	-
Interest and fiscal charges	227,946	-	271,418	-
Pledge payment - UTOPIA debt service	1,783,326	-	-	-
Total expenditures	41,530,809	10,532,117	1,934,207	1,753,890
Excess (deficiency) of revenues over (under) expenditures	4,120,029	(9,090,801)	1,152,644	1,011,562
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	-	78,006	-	-
Transfers in	4,094,732	7,168,133	-	-
Transfers out	(7,099,033)	(310,000)	(334,400)	-
Total other financing sources (uses)	(3,004,301)	6,936,139	(334,400)	-
Net change of fund balance	1,115,728	(2,154,662)	818,244	1,011,562
Fund balance at beginning of year	10,336,983	20,167,892	1,989,593	722,403
Fund balance at end of year	\$ 11,452,711	\$ 18,013,230	\$ 2,807,837	\$ 1,733,965

The accompanying notes are an integral part of this statement.



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

(Page 2 of 2)

	(Nonmajor) Cemetery Fund	Total Governmental Funds
<u>REVENUES</u>		
Sales tax	\$ -	\$ 20,769,082
Property taxes	-	13,475,218
Franchise taxes	-	4,458,730
Licenses and permits	-	1,829,569
Intergovernmental	-	6,018,488
Charges for services	1,540	3,784,710
Fines and forfeitures	-	1,287,189
Miscellaneous	-	416,945
Investment income	43,462	949,528
Total revenues	45,002	52,989,459
<u>EXPENDITURES</u>		
General government	-	11,442,314
Public safety	-	25,120,242
Highways and public improvements	-	7,644,955
Parks, recreation, and culture	-	8,489,822
Debt service:		
Principal	-	771,000
Interest and fiscal charges	-	499,364
Pledge payment - UTOPIA debt service	-	1,783,326
Total expenditures	-	55,751,023
Excess (deficiency) of revenues over (under) expenditures	45,002	(2,761,564)
<u>OTHER FINANCING SOURCES (USES)</u>		
Sale of capital assets	-	78,006
Transfers in	-	11,262,865
Transfers out	(129,100)	(7,872,533)
Total other financing sources (uses)	(129,100)	3,468,338
Net change of fund balance	(84,098)	706,774
Fund balance at beginning of year	1,432,979	34,649,850
Fund balance at end of year	\$ 1,348,881	\$ 35,356,624

The accompanying notes are an integral part of this statement.



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

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

Net change in fund balances for governmental funds	\$ 706,774
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets are capitalized and allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay and capital contributions exceeded depreciation in the current period.	7,978,944
Revenues in the Statement of Activities are presented on the accrual basis, whereas in the fund statements it's based on when financial resources are available.	(226,005)
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 type of transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	920,144
Some expenses reported in the Statement of Activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds.	(3,587,413)
Internal service funds are used by management to charge the cost of centralized services to individual funds. The net income of the internal service funds is reported with governmental activities.	204,902
Change in net position of governmental activities	<u>\$ 5,997,346</u>

The accompanying notes are an integral part of this statement.



PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

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

Wastewater Fund

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

Power Fund

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

Storm Water Fund

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

Non-Major Funds

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

Internal Service Funds

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



STATEMENT OF NET POSITION - PROPRIETARY FUNDS

(Page 1 of 2)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$ 898,067	\$ 1,159,704	\$ 17,386,447	\$ 1,240,812
Investments	2,066,302	1,021,811	4,811,321	-
Accounts receivable (net of allowance)	987,992	647,207	4,913,459	223,714
Notes receivable	-	-	-	-
Due from other funds	136,587	-	1,061,737	-
Due from other governments	-	375	3,785	-
Inventory	-	-	2,564,280	-
Prepaid items	583	-	-	-
Total current assets	4,089,531	2,829,097	30,741,029	1,464,526
Noncurrent assets				
Restricted cash	14,278	266,296	2,443,897	1,279,494
Notes receivable	-	-	-	-
Investments in joint ventures	-	8,251,503	-	-
Capital assets				
Land	2,155,313	455,921	1,691,650	2,344,849
Construction in progress	3,130,949	1,598,847	222,686	151,095
Buildings	933,325	949,132	3,462,645	-
Infrastructure	35,280,376	15,204,360	76,925,893	38,993,309
Equipment	3,457,367	1,384,061	13,924,236	1,169,288
Intangibles	-	-	3,759,027	-
Accumulated depreciation and amortization	(20,002,569)	(8,804,267)	(73,218,830)	(30,118,715)
Total noncurrent assets	24,969,039	19,305,853	29,211,204	13,819,320
Total assets	29,058,570	22,134,950	59,952,233	15,283,846
DEFERRED OUTFLOWS OF RESOURCES				
Deferred bond refunding loss	88,882	53,124	-	-
Deferred outflows related to pensions	420,606	198,622	1,523,095	172,842
Total deferred outflows of resources	509,488	251,746	1,523,095	172,842
LIABILITIES				
Current liabilities				
Accounts payable	1,108,699	383,418	1,662,097	21,265
Accrued liabilities	63,533	32,386	465,599	27,511
Due to other funds	-	-	-	-
Interest payable	11,483	43,895	-	59,122
Compensated absences	141,410	70,983	525,185	47,097
Notes payable	-	-	-	-
Bonds and leases payable	337,976	321,024	-	235,000
Customer deposits	14,200	-	2,443,897	-
Total current liabilities	1,677,301	851,706	5,096,778	389,995
Noncurrent liabilities				
Compensated absences	92,191	37,602	332,565	24,949
Net pension liability	763,678	360,630	2,765,424	313,822
Notes payable	-	-	-	-
Bonds and leases payable	1,445,791	2,720,209	-	4,016,444
Total noncurrent liabilities	2,301,660	3,118,441	3,097,989	4,355,215
Total liabilities	3,978,961	3,970,147	8,194,767	4,745,210
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	47,953	22,645	173,645	19,705
Total deferred inflows of resources	47,953	22,645	173,645	19,705
NET POSITION				
Net investment in capital assets	23,259,876	7,799,945	26,767,307	8,288,382
Restricted				
Capital	-	90,438	-	1,278,988
Debt service	78	175,858	-	506
Unrestricted	2,281,190	10,327,663	26,339,609	1,123,897
Total net position	\$ 25,541,144	\$ 18,393,904	\$ 53,106,916	\$ 10,691,773

The accompanying notes are an integral part of this statement



STATEMENT OF NET POSITION - PROPRIETARY FUNDS (continued)

(Page 2 of 2)

	Business-type Activities - Enterprise Funds		Governmental Activities
	Nonmajor Enterprise Funds	Total	Internal Service Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ 878,768	\$ 21,563,798	\$ 1,611,421
Investments	50,436	7,949,870	663,937
Accounts receivable (net of allowance)	222,544	6,994,916	-
Notes receivable	27,683	27,683	-
Due from other funds	-	1,198,324	-
Due from other governments	-	4,160	-
Inventory	54,142	2,618,422	59,513
Prepaid items	-	583	-
Total current assets	<u>1,233,573</u>	<u>40,357,756</u>	<u>2,334,871</u>
Noncurrent assets			
Restricted cash	1,500	4,005,465	-
Notes receivable	252,765	252,765	-
Investments in joint ventures	2,205,576	10,457,079	-
Capital assets			
Land	326,336	6,974,069	-
Construction in progress	-	5,103,577	-
Buildings	873,119	6,218,221	-
Infrastructure	6,147,369	172,551,307	-
Equipment	1,413,182	21,348,134	261,364
Intangibles	-	3,759,027	-
Accumulated depreciation and amortization	(5,864,922)	(138,009,303)	(130,032)
Total noncurrent assets	<u>5,354,925</u>	<u>92,660,341</u>	<u>131,332</u>
Total assets	<u>6,588,498</u>	<u>133,018,097</u>	<u>2,466,203</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred bond refunding loss	-	142,006	-
Deferred outflows related to pensions	201,504	2,516,669	161,881
Total deferred outflows of resources	<u>201,504</u>	<u>2,658,675</u>	<u>161,881</u>
LIABILITIES			
Current liabilities			
Accounts payable	140,369	3,315,848	19,899
Accrued liabilities	162,739	751,768	278,410
Due to other funds	1,198,324	1,198,324	-
Interest payable	-	114,500	-
Compensated absences	83,570	868,245	36,545
Notes payable	27,683	27,683	-
Bonds and leases payable	-	894,000	-
Customer deposits	1,500	2,459,597	-
Total current liabilities	<u>1,614,185</u>	<u>9,629,965</u>	<u>334,854</u>
Noncurrent liabilities			
Compensated absences	44,271	531,578	19,360
Net pension liability	365,862	4,569,416	293,921
Notes payable	252,765	252,765	-
Bonds and leases payable	-	8,182,444	-
Total noncurrent liabilities	<u>662,898</u>	<u>13,536,203</u>	<u>313,281</u>
Total liabilities	<u>2,277,083</u>	<u>23,166,168</u>	<u>648,135</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	22,973	286,921	18,456
Total deferred inflows of resources	<u>22,973</u>	<u>286,921</u>	<u>18,456</u>
NET POSITION			
Net investment in capital assets	2,895,084	69,010,594	131,332
Restricted	-	-	-
Capital	-	1,369,426	-
Debt service	-	176,442	-
Unrestricted	1,594,862	41,667,221	1,830,161
Total net position	<u>\$ 4,489,946</u>	<u>\$ 112,223,683</u>	<u>\$ 1,961,493</u>

The accompanying notes are an integral part of this statement.



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

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
OPERATING REVENUES				
Charges for services	\$ 6,034,002	\$ 4,822,967	\$ 35,120,152	\$ 1,917,819
Connection and servicing fees	5,220	6,200	264,368	-
Other	6,854	4,546	2,464,479	-
Total operating revenues	6,046,076	4,833,713	37,848,999	1,917,819
OPERATING EXPENSES				
Wages and benefits	1,716,753	861,689	6,157,918	774,665
Administrative fees	719,467	449,666	1,852,619	143,894
Operations and maintenance	1,346,692	2,551,492	20,543,265	341,366
Depreciation and amortization	1,013,184	508,933	3,081,061	1,314,015
Total operating expenses	4,796,096	4,371,780	31,634,863	2,573,940
Operating income (loss)	1,249,980	461,933	6,214,136	(656,121)
NONOPERATING REVENUES (EXPENSES)				
Investment income	104,738	80,098	799,642	66,323
Interest and fiscal charges	(67,540)	(91,722)	-	(135,316)
Impact fees	397,168	272,453	133,690	44,123
Equity in income of joint venture	-	984,025	-	-
Grant revenues	-	-	3,785	-
Gain/(loss) on disposal of assets	5,954	-	75,128	-
Total nonoperating revenues (expenses)	440,320	1,244,854	1,012,245	(24,870)
Income (loss) before contributions and transfers	1,690,300	1,706,787	7,226,381	(680,991)
Capital contributions	1,065,163	792,695	98,300	505,365
Transfers in	-	21,125	21,125	-
Transfers out	(461,140)	(368,988)	(2,839,821)	-
Change in net position	2,294,323	2,151,619	4,505,985	(175,626)
Total net position, beginning	23,246,821	11,666,718	48,600,931	10,867,399
Prior period adjustment	-	4,575,567	-	-
Total net position, ending	\$ 25,541,144	\$ 18,393,904	\$ 53,106,916	\$ 10,691,773

The accompanying notes are an integral part of this statement.



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

	Business-type Activities - Enterprise Funds		Governmental Activities
	Nonmajor Enterprise Funds	Total	Internal Service Funds
<u>OPERATING REVENUES</u>			
Charges for services	\$ 3,119,678	\$ 51,014,618	\$ 1,588,137
Connection and servicing fees	-	275,788	-
Other	1,074	2,476,953	-
Total operating revenues	<u>3,120,752</u>	<u>53,767,359</u>	<u>1,588,137</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	1,002,534	10,513,559	735,361
Administrative fees	143,894	3,309,540	-
Operations and maintenance	1,816,885	26,599,700	688,636
Depreciation and amortization	297,287	6,214,480	16,829
Total operating expenses	<u>3,260,600</u>	<u>46,637,279</u>	<u>1,440,826</u>
Operating income (loss)	<u>(139,848)</u>	<u>7,130,080</u>	<u>147,311</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	25,271	1,076,072	57,591
Interest and fiscal charges	(26,743)	(321,321)	-
Impact fees	-	847,434	-
Equity in income of joint venture	189,238	1,173,263	-
Grant revenues	-	3,785	-
Gain/(loss) on disposal of assets	1,323	82,405	-
Total nonoperating revenues (expenses)	<u>189,089</u>	<u>2,861,638</u>	<u>57,591</u>
Income (loss) before contributions and transfers	49,241	9,991,718	204,902
Capital contributions	-	2,461,523	-
Transfers in	2,386,338	2,428,588	-
Transfers out	(132,633)	(3,802,582)	-
Change in net position	<u>2,302,946</u>	<u>11,079,247</u>	<u>204,902</u>
Total net position, beginning	2,187,000	96,568,869	1,756,591
Prior period adjustment	-	4,575,567	-
Total net position, ending	<u>\$ 4,489,946</u>	<u>\$ 112,223,683</u>	<u>\$ 1,961,493</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Page 1 of 2)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 5,806,183	\$ 4,551,760	\$ 36,197,665	\$ 1,863,273
Payments to suppliers of goods and services	(661,761)	(2,308,703)	(20,847,012)	(378,329)
Payments to employees for services	(1,717,467)	(835,799)	(6,017,868)	(734,114)
Payment for interfund services	(719,467)	(449,666)	(1,852,619)	(143,894)
Net cash provided by operating activities	<u>2,707,488</u>	<u>957,592</u>	<u>7,480,166</u>	<u>606,936</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	21,125	21,125	-
Transfers to other funds	(461,140)	(368,988)	(2,839,821)	-
County, state and federal grants	-	-	3,785	-
Changes to interfund receivables and payables	43,756	-	95,063	-
Net cash provided (used) by noncapital financing activities	<u>(417,384)</u>	<u>(347,863)</u>	<u>(2,719,848)</u>	<u>-</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	5,954	-	75,128	-
Purchases of capital assets	(2,647,016)	(1,580,361)	(844,050)	(119,622)
Impact fees	397,168	272,453	133,690	44,123
Principal paid on debt	(328,588)	(312,412)	-	(237,986)
Interest and fiscal charges paid on capital debt	(50,945)	(83,977)	-	(138,107)
Net cash used by capital and related financing activities	<u>(2,623,427)</u>	<u>(1,704,297)</u>	<u>(635,232)</u>	<u>(451,592)</u>
Cash flows from investing activities				
Sale (purchase) of investments	(69,174)	(1,021,811)	(1,576,793)	-
Investment income	104,738	80,098	799,642	66,323
Net cash provided (used) by investing activities	<u>35,564</u>	<u>(941,713)</u>	<u>(777,151)</u>	<u>66,323</u>
Net increase (decrease) in cash and cash equivalents	(297,759)	(2,036,281)	3,347,935	221,667
Cash and cash equivalents - beginning of year	1,210,104	3,462,281	16,482,409	2,298,639
Cash and cash equivalents - end of year	<u>\$ 912,345</u>	<u>\$ 1,426,000</u>	<u>\$ 19,830,344</u>	<u>\$ 2,520,306</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 1,249,980	\$ 461,933	\$ 6,214,136	\$ (656,121)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,013,184	508,933	3,081,061	1,314,015
(Increase) decrease in receivables	(239,893)	(282,328)	(1,655,119)	(54,546)
(Increase) decrease in inventory and prepaid items	(583)	-	(50,184)	-
Increase (decrease) in liabilities	684,800	269,054	(109,728)	3,588
Net cash provided by operating activities	<u>\$ 2,707,488</u>	<u>\$ 957,592</u>	<u>\$ 7,480,166</u>	<u>\$ 606,936</u>
Noncash investing, capital and financing activities				
Capital contributions, developers	\$ 1,065,163	\$ 792,695	\$ 98,300	\$ 505,365
Equity investment adjustment for net income	-	984,025	-	-

The accompanying notes are an integral part of this statement.



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Page 2 of 2)

	Business-type Activities - Enterprise Funds		Governmental Activities
	NonMajor Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 3,038,011	\$ 51,456,892	\$ 1,588,137
Payments to suppliers of goods and services	(1,794,171)	(25,989,976)	(665,476)
Payments to employees for services	(1,003,077)	(10,308,325)	(693,792)
Payment for interfund services	(143,894)	(3,309,540)	-
Net cash provided by operating activities	96,869	11,849,051	228,869
Cash flows from noncapital financing activities			
Transfers from other funds	370,000	412,250	-
Transfers to other funds	(132,633)	(3,802,582)	-
	-	3,785	-
Changes to interfund receivables and payables	(138,819)	-	-
Net cash provided (used) by noncapital financing activities	98,548	(3,386,547)	-
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	1,323	82,405	-
Purchases of capital assets	(170,835)	(5,361,884)	(11,871)
Impact fees	-	847,434	-
Principal paid on debt	-	(878,986)	-
Interest and fiscal charges paid on capital debt	(26,743)	(299,772)	-
Net cash used by capital and related financing activities	(196,255)	(5,610,803)	(11,871)
Cash flows from investing activities			
Sale (purchase) of investments	(50,436)	(2,718,214)	(509,706)
Investment income	25,271	1,076,072	57,591
Net cash provided (used) by investing activities	(25,165)	(1,642,142)	(452,115)
Net increase (decrease) in cash and cash equivalents	(26,003)	1,209,559	(235,117)
Cash and cash equivalents - beginning of year	906,271	24,359,704	1,846,538
Cash and cash equivalents - end of year	\$ 880,268	\$ 25,569,263	\$ 1,611,421
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ (139,848)	\$ 7,130,080	\$ 147,311
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	297,287	6,214,480	16,829
(Increase) decrease in receivables	(82,741)	(2,314,627)	-
(Increase) decrease in inventory and prepaid items	(3,416)	(54,183)	9,779
Increase (decrease) in liabilities	25,587	873,301	54,950
Net cash provided by operating activities	\$ 96,869	\$ 11,849,051	\$ 228,869
Noncash investing, capital and financing activities			
Capital contributions, developers	\$ -	\$ 2,461,523	\$ -
Equity investment adjustment for net income	189,238	1,173,263	-

The accompanying notes are an integral part of this statement.



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Notes to the Financial Statements



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in GASB Statement No. 61. This Statement requires the City to include in this report the activities of any other entity which is determined to be a component unit of the City. The primary criterion which determines this nexus is financial accountability.

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

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Blended Component Units

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

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

Investment in Joint Venture

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

B. Government-wide and Fund Financial Statements

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

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary funds:

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

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

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Additionally, the City reports the following fund types:

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

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

The effects of interfund activity have been eliminated from the government-wide financial statements, except for payments between funds that involve administrative and billing services. Elimination of these charges would distort the direct cost 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 enterprise funds are charges to customers of the system for sales and services. Operating expenses for enterprise funds include the costs 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.

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

Cash, Cash Equivalents, and Investments

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

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

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to or due from other funds". Any residual balances outstanding between governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Unbilled sales receivables for June 30, 2019 were estimated based on meter read dates and period of coverage for the actual billings for each applicable billing cycle that occurred subsequent to year-end.

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

Inventories and Prepaid Items

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Restricted Cash

Restricted cash is comprised of cash restricted for future debt service payments, impact fees, unexpended portions of bonds issued for capital construction, or by other independent third parties, enabling legislation, or other laws and statutes.

Capital Assets

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

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

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

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

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

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

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Deferred Outflows/Inflows of Resources

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

Items that qualify for reporting in the government-wide Statement of Net Position in this category are the resource related to pensions and losses related to bond refundings.

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

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

Customer Deposits

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

Compensated Absences

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property Taxes

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

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

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

Pensions

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

Long-term Obligations

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance and Net Position

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

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

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

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

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

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

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

Net position is classified in the government-wide and proprietary financial statements in three components:

Net investment in capital assets consists of capital assets, net of accumulated depreciation, and is also reduced by the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Any unspent debt proceeds and deferred bond refunding losses are added back.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance and Net Position (continued)

Restricted net position consists of constraints placed on the use of resources by (a) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (b) laws through constitutional provisions or enabling legislation.

Unrestricted net position consists of all other net position that does not meet the two definitions above.

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

The City does not have a formal minimum fund balance policy. The City adheres to Utah Code §10-6-116(4) which requires a minimum aggregate of unassigned, assigned and committed fund balance of 5 percent of total revenues to be maintained in the General Fund.

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

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

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

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

Use of Estimates

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budget Process

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

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

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



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

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

The governmental fund Balance Sheet includes a reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide Statement of Net Position.

This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund balance sheets.

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

Cost of capital assets	\$223,438,308
Accumulated depreciation	<u>(89,063,780)</u>
Total difference	<u>\$134,374,528</u>

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

Net pension liability	\$ (14,650,182)
Bonds payable	(12,455,000)
Compensated absences	(3,466,942)
Bond premium (to be amortized to interest income)	<u>(830,695)</u>
Total difference	<u>\$ (31,402,819)</u>

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

Deferred inflows related to pensions	\$ (919,908)
Deferred outflows related to pensions	<u>8,068,788</u>
Total difference	<u>\$ 7,148,880</u>

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

Ending net position of the Central Garage Fund	\$ 305,173
Ending net position of the Retained Risk Fund	1,656,320
Net investment in capital assets, Central Garage Fund	<u>(131,332)</u>
Total difference	<u>\$ 1,830,161</u>



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

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

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

Deferred ambulance billings	\$ 237,148
Total difference	<u>\$ 237,148</u>

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

Capital assets. The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide Statement of Activities.

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

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

Capital outlay	\$ 9,187,314
Depreciation expense	(4,796,539)
Developer contributions	3,597,392
Cost of capital assets sold	<u>(9,223)</u>
Total difference	<u>\$ 7,978,944</u>

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

Change in deferred ambulance billing	\$ (226,005)
Total difference	<u>\$ (226,005)</u>



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

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

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

Principal payments:	
Sales tax revenue bonds	\$ 771,000
Interest expense	5,900
Bond premium amortization	143,244
Total difference	<u>\$ 920,144</u>

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

Compensated absences	\$ (316,597)
Transfer of investment in joint venture	(2,016,338)
Net pension asset	(740,369)
Net pension liability	(7,154,854)
Deferred pension inflows	5,873,695
Deferred pension outflows	767,050
Total difference	<u>\$ (3,587,413)</u>

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

<i>Change in net position</i> from the Central Garage Fund	\$ 9,388
<i>Change in net position</i> from the Retained Risk Fund	195,514
Total difference	<u>\$ 204,902</u>



NOTE 3 - PROPERTY TAXES

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

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

For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes and has recorded a receivable and a corresponding deferred inflow of resources for the assessed amount of those property taxes as of January 1, 2019. Most of the tax will not be received until the following fiscal year.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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



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

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's deposits are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC), with the exception of the Gold International Sweep Account held with Zions Bank. The amount in this account as of June 30, 2019, was \$1,980,061. Deposits above \$250,000 per bank are exposed to credit risk.

As of June 30, 2019, the City's bank balance deposit carrying value was \$9,664,781. Of this amount, \$9,414,781 was subject to custodial credit risk because it is uninsured. In addition, of the City's investments in the Utah Public Treasurers' Investment Fund (PTIF) of \$41,571,402, the City has no custodial credit risk exposure as the PTIF is an external investment pool managed by the Utah State Treasurer and is not categorized as to custodial credit risk. City has no formal policy regarding custodial credit risk.

A summary of restricted and unrestricted cash, cash equivalents, and investments at June 30, 2019 is as follows:

Restricted	\$ 10,757,324
Unrestricted	58,936,328
Total	\$ 69,693,652
Cash	\$ 9,024,436
Cash equivalents and investments	60,669,216
Total	\$ 69,693,652

B. Credit Risk

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

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

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



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

C. Interest Rate Risk

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

D. Concentration of Credit Risk

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

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

The total fair market value of the City's investment portfolio (excluding funds in the PTIF) at fiscal year-end is \$19,097,814. Below is a list of issuers with concentration amounts between 5% - 10%.

Issuer	Investment at Fair Market Value	% of Total Investments
Bank of Montreal	\$ 1,004,540	5.26%
Daimler Finance North America LLC	1,005,016	5.26%
Federal Home Loan Mortgage Corp	1,502,423	7.87%
Federal National Mortgage Association	1,495,592	7.83%
JPMorgan Chase & Co.	983,805	5.15%
U.S. Bancorp	986,168	5.16%



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

E. Investments

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

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

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

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



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

F. Fair Value of Investments

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

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

Twice a year, at June 30 and December 31, the investments are valued at fair value. As of June 30, 2019, the City's fair value investments in the PTIF were \$171,599 more than the amortized cost of \$41,571,402. The City's investments have not been adjusted to show this increase in value since they are classified as cash equivalents in the fund and entity-wide statements.

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

For the year ended June 30, 2019, the City's fair value investments in Moreton were \$68,422 more than the amortized cost of \$19,029,392 and were reported at \$19,097,814.

The following are the City's recurring fair value measurements as of June 30, 2019:

	Fair Value Using			
		Level 1	Level 2	Level 3
Money Market	\$ 81,697	\$ -	\$ 81,697	\$ -
Utah Public Treasurer's Investment Fund	41,571,402	-	41,571,402	-
U.S. Gov't or U.S. Agencies	4,623,898	4,623,898	-	-
Corporate Notes	14,392,219	14,392,219	-	-
Total investments	\$ 60,669,216	\$ 19,016,117	\$ 41,653,099	\$ -

The following are the City's investment maturities as of June 30, 2019:

	Investment Maturities (in years)	
	Less than 1	1-5
Money Market	\$ 81,697	\$ -
Utah Public Treasurer's Investment Fund	41,571,402	-
U.S. Gov't or U.S. Agencies	2,724,534	1,899,364
Corporate Notes	13,843,583	548,636
Total investments	\$ 58,221,216	\$ 2,448,000

The following are the City's investment quality ratings as of June 30, 2019:

	Quality Ratings					
	6/30/19	AAA	AA	A	BBB+	Unrated
Money Market	\$ 81,697	\$ -	\$ -	\$ -	\$ -	\$ 81,697
Utah Public Treasurer's Investment Fund	41,571,402	-	-	-	-	41,571,402
U.S. Gov't or U.S. Agencies	4,623,898	4,623,898	-	-	-	-
Corporate Notes	14,392,219	-	4,111,319	9,334,532	946,368	-
Total investments	\$ 60,669,216	\$ 4,623,898	\$ 4,111,319	\$ 9,334,532	\$ 946,368	\$ 41,653,099



NOTE 5 – RECEIVABLES

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

	Accounts receivable	Property tax	Inter-governmental	Gross receivables	Less: Allowance for uncollectable accounts	Total receivables, net
General Fund	\$1,071,145	\$ 9,272,884	\$4,339,941	\$14,683,970	\$(572,727)	\$14,111,243
Redevelopment Agency	12,821	2,935,290	-	2,948,111	-	2,948,111
Library	-	2,410,390	-	2,410,390	-	2,410,390
Water	992,581	-	-	992,581	(4,589)	987,992
Wastewater	652,610	-	375	652,985	(5,403)	647,582
Power	4,992,182	-	-	4,992,182	(74,938)	4,917,244
Storm Water	225,473	-	-	225,473	(1,759)	223,714
Non-major	252,300	-	-	252,300	(2,073)	250,227
	<u>\$8,199,112</u>	<u>\$14,618,564</u>	<u>\$4,340,316</u>	<u>\$27,157,992</u>	<u>\$(661,489)</u>	<u>\$26,496,503</u>

NOTE 6 – INTERFUND TRANSFERS

	Transfers In					Total
	General Fund	Capital Projects	Wastewater	Power	NonMajor Proprietary	
Transfers Out:						
General	\$ -	\$7,039,033	\$ -	\$ -	\$ 60,000	\$ 7,099,033
Capital Projects	-	-	-	-	310,000	310,000
Redevelopment	292,150	-	21,125	21,125	-	334,400
Water	461,140	-	-	-	-	461,140
Wastewater	368,988	-	-	-	-	368,988
Power	2,839,821	-	-	-	-	2,839,821
Nonmajor	132,633	129,100	-	-	-	261,733
	<u>\$4,094,732</u>	<u>\$7,168,133</u>	<u>\$ 21,125</u>	<u>\$ 21,125</u>	<u>\$ 370,000</u>	<u>\$ 11,675,115</u>

The City transferred monies between funds to support related capital expenditures in the capital projects fund and related debt service payments. During fiscal year 2019, the City also transferred its investment in Trans-Jordan from the governmental activities to the Solid Waste Fund for \$2,016,338.

NOTE 7 – INTERFUND RECEIVABLES AND PAYABLE

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

Ordinance 16-32 approved on September 12, 2016. A note from the Power Fund in the amount of \$1,250,000 to replace the irrigation system at the golf course (Ordinance 16-32). This note will be repaid in 12 annual installment payments payable on July 31 each year. Annual principal and interest payments will occur through July 31, 2028. The note carries an interest rate of 2.0 percent.

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



NOTE 8 – CAPITAL ASSETS

Governmental activities	Beg Balance	Increases	Transfers	Decreases	End Balance
Capital assets, not being depreciated:					
Land	\$ 22,781,597	\$ 2,724,311	\$ -	\$ -	\$ 25,505,908
Road and right of way land	43,725,477	1,218,863	-	-	44,944,340
Construction in progress	2,630,992	4,527,300	-	(1,414,934)	5,743,358
Total capital assets, not being depreciated	69,138,066	8,470,474	-	(1,414,934)	76,193,606
Capital assets, being depreciated:					
Buildings	37,829,544	-	-	-	37,829,544
Infrastructure	88,383,650	3,606,694	-	-	91,990,344
Machinery and equipment	16,669,904	2,134,343	(6,435)	(1,372,998)	17,424,814
Total capital assets being depreciated	142,883,098	5,741,037	(6,435)	(1,372,998)	147,244,702
Less accumulated depreciation for:					
Buildings	(17,285,103)	(1,112,672)	-	-	(18,397,775)
Infrastructure	(56,767,322)	(2,156,845)	-	-	(58,924,167)
Machinery and equipment	(11,532,606)	(1,543,851)	6,435	1,328,184	(11,741,838)
Total accumulated depreciation	(85,585,031)	(4,813,368)	6,435	1,328,184	(89,063,780)
Total capital assets, being depreciated, net	57,298,067	927,669	-	(44,814)	58,180,922
Governmental activities capital assets, net	\$ 126,436,133	\$ 9,398,143	\$ -	\$ (1,459,748)	\$ 134,374,528
Business-type activities	Beg Balance	Increases	Transfers	Decreases	End Balance
Capital assets, not being depreciated:					
Land	\$ 6,974,069	\$ -	\$ -	\$ -	\$ 6,974,069
Construction in progress	1,105,464	4,355,260	-	(357,147)	5,103,577
Total capital assets, not being depreciated	8,079,533	4,355,260	-	(357,147)	12,077,646
Capital assets, being depreciated:					
Buildings	6,218,221	-	-	-	6,218,221
Infrastructure	169,687,586	2,863,721	-	-	172,551,307
Machinery and equipment	21,036,674	961,573	6,435	(656,548)	21,348,134
Intangibles	3,759,027	-	-	-	3,759,027
Total capital assets being depreciated	200,701,508	3,825,294	6,435	(656,548)	203,876,689
Less accumulated depreciation for:					
Buildings	(5,174,958)	(116,020)	-	-	(5,290,978)
Infrastructure	(110,641,751)	(4,914,909)	-	-	(115,556,660)
Machinery and equipment	(14,020,498)	(1,107,000)	(6,435)	656,548	(14,477,385)
Intangibles	(2,607,729)	(76,551)	-	-	(2,684,280)
Total accumulated depreciation and amortization	(132,444,936)	(6,214,480)	(6,435)	656,548	(138,009,303)
Total capital assets, being depreciated, net	68,256,572	(2,389,186)	-	-	65,867,386
Business-type activities capital assets, net	\$ 76,336,105	\$ 1,966,074	\$ -	\$ (357,147)	\$ 77,945,032



NOTE 8 – CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 731,825
Public safety	928,705
Highways and public improvements	2,160,303
Parks, recreation and culture	992,535
Total depreciation expense	<u>\$4,813,368</u>
Business-type activities	
Water	\$1,013,184
Wastewater	508,933
Power	3,081,061
Murray Parkway	264,469
Solid Waste	32,818
Storm Water	1,314,015
Total depreciation expense	<u>\$6,214,480</u>

NOTE 9 – INVESTMENTS IN JOINT VENTURES

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

A. Trans-Jordan Cities

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

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

As of June 30, 2019, the City has an 8.26 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. This equity investment was transferred from the governmental activities to the Solid Waste Fund for \$2,016,338 during the fiscal year as this fund reports the associated activities with Trans-Jordan Cities. The City recognized its equity income of a joint venture of \$189,238 in the Solid Waste Fund under nonoperating revenue.

Tipping fees paid from the Solid Waste Fund to Trans-Jordan Cities were \$242,191 for fiscal year 2019.



NOTE 9 – INVESTMENTS IN JOINT VENTURES (continued)

B. Central Valley Water Reclamation Facility

The Central Valley Water Reclamation Facility (the Facility) was formed pursuant to the Utah Interlocal Co-operation Act, and is considered a separate legal entity and political subdivision of the State of Utah. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct, and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs, maintenance, and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The Wastewater Fund (an enterprise fund) has an approximate 8.57 percent ownership in the Central Valley Water Reclamation Facility (the Facility). The City's share of operations, maintenance, administration expenses, and debt service amounted to \$2,266,123 in fiscal year 2019. The City recorded a net increase in its investment in the Facility of \$189,238 in fiscal year 2019.

During fiscal year 2018, the Facility issued \$28,600,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2018 was \$4,410,819. 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.

NOTE 10 – INTERLOCAL AGREEMENTS

A. Utah Associated Municipal Power System (UAMPS)

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

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

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



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

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

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

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

These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2019 is \$1,074,747, reported as an intangible asset.

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

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

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

B. Valley Emergency Communications Center

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

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

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



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

C. Drug Enforcement Administration - Metro Task Force

The City is a member 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 Salt Lake City, Finance Department P.O. Box 145451, Salt Lake City, UT 84114-5451.

D. Utah Infrastructure Agency (UIA)

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

NOTE 11 – OPERATING LEASES

The City has entered into an operating lease agreement, as lessee, for the use of a mail machine.

Description	Original Principal	Interest Rate	Historic Cost	Accumulated Depreciation	Type
Mail Machine	17,806	NA	17,806	NA	Operating

The 60-month operating lease for a postage machine commenced May 2019 and terminates April 2024. The annual lease expense is \$3,561.

The future minimum lease obligations as of June 30, 2019 were as follows:

Year end June 30,	
2020	\$ 3,561
2021	3,561
2022	3,561
2023	3,561
2024	2,968
	<u>\$ 17,212</u>



NOTE 12 – LONG-TERM LIABILITIES

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

A. Series 2009A Sales Tax Revenue Bond

Purpose: Land acquisition, fire station design and construction
Date of issuance: March 18, 2009
Interest rate: 3.00% - 4.40%
Original issuance: \$4,580,000

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 135,000	\$ 24,390	\$ 159,390
2021	140,000	18,855	158,855
2022	145,000	12,835	157,835
2023	150,000	6,600	156,600
	<u>\$ 570,000</u>	<u>\$ 62,680</u>	<u>\$ 632,680</u>

B. Series 2016 Sales Tax Revenue Bond

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

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 305,000	\$ 261,300	\$ 566,300
2021	315,000	248,900	563,900
2022	330,000	236,000	566,000
2023	345,000	222,500	567,500
2024	355,000	208,500	563,500
2025-2029	2,015,000	812,100	2,827,100
2030-2034	2,465,000	365,200	2,830,200
2035	555,000	11,100	566,100
	<u>\$ 6,685,000</u>	<u>\$ 2,365,600</u>	<u>\$ 9,050,600</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

C. Series 2018 Sales Tax Revenue Bond

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

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 350,000	\$ 185,956	\$ 535,956
2021	360,000	175,306	535,306
2022	375,000	162,406	537,406
2023	390,000	147,106	537,106
2024	405,000	131,206	536,206
2025-2029	2,285,000	394,430	2,679,430
2030-2031	1,035,000	32,262	1,067,262
	<u>\$ 5,200,000</u>	<u>\$ 1,228,672</u>	<u>\$ 6,428,672</u>

D. Series 2012 Water and Sewer Refunding Bonds

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

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

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 540,000	\$ 66,435	\$ 606,435
2021	555,000	52,337	607,337
2022	570,000	37,853	607,853
2023	585,000	22,982	607,982
2024	600,000	7,725	607,725
	<u>\$ 2,850,000</u>	<u>\$ 187,332</u>	<u>\$ 3,037,332</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

E. Series 2012 Sewer Revenue Bonds

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

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 119,000	\$ 49,375	\$ 168,375
2021	122,000	46,400	168,400
2022	125,000	43,350	168,350
2023	128,000	40,225	168,225
2024	132,000	37,025	169,025
2025-2029	713,000	133,850	846,850
2030-2033	636,000	40,250	676,250
	<u>\$ 1,975,000</u>	<u>\$ 390,475</u>	<u>\$ 2,365,475</u>

F. Series 2013 Storm Water Revenue Bonds

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	120,000	59,892	\$ 179,892
2021	125,000	57,492	182,492
2022	125,000	54,992	179,992
2023	130,000	52,180	182,180
2024	130,000	49,580	179,580
2025-2029	720,000	192,700	912,700
2030-2033	675,000	55,850	730,850
	<u>\$ 2,025,000</u>	<u>\$ 522,686</u>	<u>\$ 2,547,686</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

G. Series 2016 Storm Water Revenue Bonds

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 115,000	\$ 82,000	\$ 197,000
2021	115,000	77,400	192,400
2022	120,000	72,800	192,800
2023	125,000	68,000	193,000
2024	130,000	63,000	193,000
2025-2029	740,000	232,400	972,400
2030-2033	705,000	71,800	776,800
	<u>\$ 2,050,000</u>	<u>\$ 667,400</u>	<u>\$ 2,717,400</u>

H. Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
<u>Governmental activities</u>					
Bonds payable					
Series 2009A Sales Tax Revenue Bonds	\$ 700,000	\$ -	\$ (130,000)	\$ 570,000	\$ 135,000
Series 2014 Sales Tax Revenue Bonds	276,000	-	(276,000)	-	-
Series 2016 Sales Tax Revenue Bonds	6,710,000	-	(25,000)	6,685,000	305,000
Series 2018 Sales Tax Revenue Bonds	5,540,000	-	(340,000)	5,200,000	350,000
Unamortized premium	973,939	-	(143,244)	830,695	-
Total bonds payable	14,199,939	-	(914,244)	13,285,695	790,000
Compensated absences	3,196,229	3,369,195	(3,042,577)	3,522,847	2,545,538
Total governmental long-term obligations	<u>\$ 17,396,168</u>	<u>\$ 3,369,195</u>	<u>\$ (3,956,821)</u>	<u>\$ 16,808,542</u>	<u>\$ 3,335,538</u>
<u>Business-type activities</u>					
Bonds payable					
Series 2012 Water and Sewer Revenue Bonds	\$ 3,375,000	\$ -	\$ (525,000)	\$ 2,850,000	\$ 540,000
Series 2012 Sewer Revenue Bonds	2,091,000	-	(116,000)	1,975,000	119,000
Series 2013 Storm Water Revenue Bonds	2,140,000	-	(115,000)	2,025,000	120,000
Series 2016 Storm Water Revenue Bonds	2,160,000	-	(110,000)	2,050,000	115,000
Unamortized premium	189,430	-	(12,986)	176,444	-
Total bonds payable	9,955,430	-	(878,986)	9,076,444	894,000
Compensated absences	1,310,628	1,155,112	(1,065,917)	1,399,823	868,245
Total business-type long-term obligations	<u>\$ 11,266,058</u>	<u>\$ 1,155,112</u>	<u>\$ (1,944,903)</u>	<u>\$ 10,476,267</u>	<u>\$ 1,762,245</u>



NOTE 13 – RISK MANAGEMENT

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

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

NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent Liabilities

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

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

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

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



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

B. Commitments

Construction and property acquisition contracts. The City had active contract commitments on the following projects as of June 30, 2019.

Project type	Contract Amount	Spent-to-date	Remaining commitment
Water construction projects	\$ 1,736,030	\$ 65,108	\$ 1,670,922
Wastewater construction projects	1,621,394	1,047,953	573,441
Power heavy equipment purchases	184,000	-	184,000
Street construction projects	645,092	414,945	230,147
Storm Water construction projects	1,492,206	-	1,492,206
Property acquisition	400,000	4,000	396,000
Fire Station 81 construction	6,650,691	2,582,040	4,068,651
City Hall design and preconstruction	2,189,705	331,822	1,857,883
	<u>\$ 14,919,118</u>	<u>\$ 4,445,868</u>	<u>\$ 10,473,250</u>

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

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

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

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



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

B. Commitments (continued)

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA's market risk and administrative costs. This also drew down the restricted money that had been set aside for UTOPIA's Series 2004 Debt Service Reserve Fund. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund. The maximum amount committed by the City for year ended June 30, 2019 was \$1,783,326, with a 2 percent increase per year through 2040. The payment commitment for fiscal year 2020 is \$1,818,993. The total debt service payments paid by the City as of June 30, 2019 is \$16,333,584. The amount paid by the City is a loan to UTOPIA, but as the likelihood of it being re-paid in the near future is remote the City has decided to disclose this amount rather than record this loan on its financial statements. UTOPIA's total bonded debt as of June 30, 2019 is \$181,411,900 of which the City is responsible for 12.34 percent or \$22,386,228.

Interlocal Agreement – UIA. On May 1, 2011, the City entered into a "Communication Service Contract" with UIA to provide connections to a fiber optic network for the residences and businesses of the City. The agreement obligates the City to financially support UIA if UIA revenues are insufficient to pay operational and debt payments. The City has obligated, but has not been required to pay, up to \$690,241 of its annual franchise tax revenue for operational support. The City paid no operational expenses to UIA for the year ended June 30, 2019. Cumulative payments to UIA for operational expenses is \$141,666. UIA's total bonded debt as of June 30, 2019 in which the City participated is \$74,810,000, of which the City is obligated for 13.40 percent or \$10,002,454. The amount of required support for debt service is determined annually by UIA. The City was not required to pay any debt service payment to UIA for the year ended June 30, 2019, nor have they paid any in the previous years as agreed-upon.

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

NOTE 15 – CONDUIT DEBT OBLIGATIONS

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

As of June 30, 2019, there are two outstanding series of Industrial Revenue Bonds. The aggregate principal amount payable is \$303 million for the Series 2003 bonds and \$151.2 million for the Series 2005 bonds, both issued by Intermountain Healthcare to build a hospital and associated medical facilities.



NOTE 16 – REDEVELOPMENT AGENCY

The Redevelopment Agency of Murray City is established to further public purposes in the redevelopment of certain City areas. There is no outstanding debt of the RDA at June 30, 2019; however, the RDA has agreed to make payments on the Series 2014 and 2016 sales tax bonds.

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

	FY 2019	FY 2018
Tax increment collection for various project areas	\$2,861,642	\$2,506,977
Public improvements, including housing donations	(183,919)	(2,502,430)
Debt service	(572,418)	(575,134)
Tax increment distributions	(1,043,637)	(1,027,390)
Administrative costs	(468,633)	(513,350)

NOTE 17 – EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS

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

A. Defined Benefit Plans

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

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

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

- Public Safety Retirement system (Public Safety System)

The Tier 2 Public Employee System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

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

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



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

A. Defined Benefit Plans (continued)

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

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

*with actuarial reductions

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



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

A. Defined Benefit Plans (continued)

Contribution Rate Summary. As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2019 are as follows:

	Employee Paid	Paid by Employer for	Employer Contribution	Employer rate for
Contributory System				
11 - Local Governmental Division Tier 1	N/A	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	15.54%	1.15%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Contributory System				
122 - Tier 2 DB Hybrid Public Safety	N/A	N/A	23.09%	74.00%
Public Safety Noncontributory System				
43 - Other Division A 2.5% COLA	N/A	N/A	34.04%	N/A
Firefighters System				
31 - Division A Tier 1	N/A	15.05%	4.61%	N/A
132 - Tier 2 DB Hybrid Firefighters	N/A	N/A	11.34%	0.74%
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69%	10.00%
222 - Public Safety	N/A	N/A	11.83%	12.00%
232 - Firefighters	N/A	N/A	0.08%	12.00%

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

For fiscal year ended June 30, 2019, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,303,750	NA
Contributory System	59,548	24,709
Public Safety System	1,327,470	-
Firefighters System	167,330	546,273
Tier 2 Public Employees System	543,272	-
Tier 2 Public Safety and Firefighter System	430,332	-
Tier 2 DC Only System	27,749	NA
Tier 2 DC Public Safety and Firefighter System	3,657	NA
Total contributions	<u>\$ 4,863,108</u>	<u>\$ 570,982</u>

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



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

A. Defined Benefit Plans (continued)

Combined pension assets, liabilities, expense, and deferred outflows and/or inflows of resources relating to pensions. At June 30, 2019, the City reported no net pension asset and a net pension liability of \$19,513,519.

System	Measurement Date: December 31, 2018				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2017	Change (Decrease)
Noncontributory System	\$ -	\$ 10,395,741	1.4117505%	1.3914877%	0.0202628%
Contributory System	-	851,433	2.0981454%	2.0972913%	0.0008541%
Public Safety System	-	6,641,824	2.5817706%	2.3709950%	0.2107756%
Firefighters System	-	1,475,335	11.3620768%	11.5781685%	-0.2160917%
Tier 2 Public Employees System	-	112,153	0.2618701%	0.2471986%	0.0146715%
Tier 2 Public Safety and Firefighter System	-	37,033	1.4780218%	1.4908812%	-0.0128594%
	<u>\$ -</u>	<u>\$ 19,513,519</u>			

The net pension asset and liability were measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2018 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2019, the City recognized a pension expense of \$6,264,240.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 463,324	\$ 799,234
Changes in assumptions	3,004,123	174,640
Net difference between projected and actual earnings on pension plan investments	4,420,597	-
Changes in proportion and differences between contributions and proportionate share of contributions	444,685	251,411
Contributions subsequent to the measurement date	2,414,609	-
	<u>\$ 10,747,338</u>	<u>\$ 1,225,285</u>

Deferred outflows of resources related to pensions of \$2,414,609 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.



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

A. Defined Benefit Plans (continued)

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

<u>Year ended December 31,</u>		<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$	2,923,995
2020		996,150
2021		695,004
2022		2,297,241
2023		105,923
Thereafter		89,131

Noncontributory system pension expense and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized pension expense of \$2,855,568.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected an actual experience	\$ 133,704	\$ 193,891
Changes in assumptions	1,392,628	-
Net difference between projected and actual earnings on pension plan investments	2,163,237	-
Changes in proportion and differences between contributions and proportionate share of contributions	68,446	102,896
Contributions subsequent to the measurement date	1,127,898	-
	<u>\$ 4,885,913</u>	<u>\$ 296,787</u>

Deferred outflows of resources related to pensions of \$1,127,898 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>		<u>Net Deferred Outflows (Inflows) of Resources</u>
2019	\$	1,530,939
2020		614,662
2021		290,682
2022		1,024,945



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

A. Defined Benefit Plans (continued)

Contributory system pension expense and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized a pension expense of \$183,842.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	279,820	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	29,669	-
	<u>\$ 309,489</u>	<u>\$ -</u>

Deferred outflows of resources related to pensions of \$29,669 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 110,836
2020	6,570
2021	28,067
2022	134,347



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

A. Defined Benefit Plans (continued)

Public safety system pension expense and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized pension expense of \$2,162,392.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 316,086
Changes in assumptions	763,453	-
Net difference between projected and actual earnings on pension plan investments	1,146,152	-
Changes in proportion and differences between contributions and proportionate share of contributions	289,979	130,926
Contributions subsequent to the measurement date	660,690	-
	<u>\$ 2,860,274</u>	<u>\$ 447,012</u>

Deferred outflows of resources related to pensions of \$660,690, results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 870,981
2020	194,234
2021	143,296
2022	544,061



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

A. Defined Benefit Plans (continued)

Firefighters system pension expense, and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized pension expense of \$556,233.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 311,816	\$ 266,029
Changes in assumptions	784,698	171,266
Net difference between projected and actual earnings on pension plan investments	768,766	-
Changes in proportion and differences between contributions and proportionate share of contributions	25,361	17,589
Contributions subsequent to the measurement date	82,528	-
	<u>\$ 1,973,169</u>	<u>\$ 454,884</u>

Deferred outflows of resources related to pensions of \$82,528 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 387,284
2020	162,207
2021	213,010
2022	560,941
2023	97,747
Thereafter	14,568



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

A. Defined Benefit Plans (continued)

Tier 2 public employee system pension expense and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized pension expense of \$289,850.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 787	\$ 23,180
Changes in assumptions	28,111	2,015
Net difference between projected and actual earnings on pension plan investments	36,523	-
Changes in proportion and differences between contributions and proportionate share of contributions	34,138	-
Contributions subsequent to the measurement date	293,066	-
	<u>\$ 392,625</u>	<u>\$ 25,195</u>

Deferred outflows of resources related to pensions of \$293,066 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 12,677
2020	9,228
2021	10,109
2022	17,845
2023	3,334
Thereafter	21,171



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

A. Defined Benefit Plans (continued)

Tier 2 public safety and firefighter system pension expense and deferred outflows and/or inflows of resources. At June 30, 2019, the City recognized pension expense of \$216,354.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 17,017	\$ 48
Changes in assumptions	35,233	1,359
Net difference between projected and actual earnings on pension plan investments	26,101	-
Changes in proportion and differences between contributions and proportionate share of contributions	26,760	-
Contributions subsequent to the measurement date	220,757	-
	<u>\$ 325,868</u>	<u>\$ 1,407</u>

Deferred outflows of resources related to pensions of \$220,757 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2018.

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

<u>Year ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2019	\$ 11,278
2020	9,249
2021	9,839
2022	15,102
2023	4,842
Thereafter	53,394

Actuarial assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.25 - 9.75 percent, average, including inflation
Investment Rate of Return	6.95 percent, net of pension plan investment expense, including inflation

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



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

A. Defined Benefit Plans (continued)

The actuarial assumptions used in the January 1, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

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

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

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

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



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

A. Defined Benefit Plans (continued)

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

	1% decrease (5.95%)	Discount rate (6.95%)	1% increase (7.95%)
Noncontributory System	\$ 21,305,657	\$ 10,395,741	\$ 1,310,662
Contributory System	1,807,454	851,433	46,662
Public Safety System	13,019,148	6,641,824	1,464,839
Firefighters System	5,505,437	1,475,335	(1,787,966)
Tier 2 Public Employees System	449,308	112,153	(148,046)
Tier 2 Public Safety and Firefighter System	279,323	37,033	(148,380)
	<u>\$ 42,366,327</u>	<u>\$ 19,513,519</u>	<u>\$ 737,771</u>

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

B. Defined Contribution Savings Plan

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

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

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

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

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

	FY 2019	FY 2018	FY 2017
401 (k) Plan			
Employer contributions	\$ 1,001,520	\$ 951,174	\$ 935,778
Employee contributions	582,146	507,852	521,556
457 Plan			
Employer contributions	-	-	-
Employee contributions	269,656	238,458	215,555
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	54,418	19,390	-



NOTE 18 – FUND BALANCE

Financial statement fund balance category details are as follows:

Fund Type	Capital Projects						Total
	General Fund	Fund	RDA	Library	Cemetery		
Nonspendable							
Prepays	\$ 12,767	\$ 634,699	\$ -	\$ 29,473	\$ -	\$	676,939
Endowment	-	-	-	16,960	-		16,960
Restricted							
Alcohol tax	40,652	-	-	-	-		40,652
Escrow	-	6,012,230	14,870	-	-		6,027,100
Historic smelter	16,348	-	-	-	-		16,348
State allowance	-	1,132,084	-	-	-		1,132,084
Debt service	510	-	359	-	-		869
Low-income housing	-	-	1,278,628	-	-		1,278,628
Committed							
Cemetery perpetual care	-	-	-	-	1,348,881		1,348,881
Assigned							
Capital projects	-	10,234,217	-	-	-		10,234,217
Redevelopment	-	-	1,513,980	-	-		1,513,980
Library	-	-	-	1,687,532	-		1,687,532
Unassigned	11,382,434	-	-	-	-		11,382,434
	<u>\$ 11,452,711</u>	<u>\$ 18,013,230</u>	<u>\$ 2,807,837</u>	<u>\$ 1,733,965</u>	<u>\$ 1,348,881</u>	<u>\$</u>	<u>35,356,624</u>

NOTE 19 – PRIOR PERIOD ADJUSTMENTS

Business-type Fund – Wastewater. During the current fiscal year, it was noted that the equity investment in Central Valley Water Reclamation Facility (CVWRF) was being reduced by the City's portion of CVWRF's bonded debt. However, this reduction is already accounted for in CVWRF's net position, so the City was double recognizing their portion of the debt. This change resulted in an increase in the City's equity investment by \$4,575,567 and increased the prior year's net position in the Wastewater Fund from \$11,666,718 to \$16,242,285. It also changed the business-type activities beginning net position from \$96,568,869 to \$101,144,436.

Statement of Net Position. During the fiscal year 2019, it was noted that the City had not recorded road and right of way land associated with their road assets since the adoption and implementation of GASB 34. As such, the City has added these assets with an estimated value of \$43,725,477. This change corrected an understatement of beginning net position for governmental activities from \$97,758,275 to \$141,483,752.



NOTE 20 – SUBSEQUENT EVENTS

On July 9, 2019 the initial draw on a State Board of Water Resources loan of \$2,500,000 was finalized. The Board of Water Resources in August of 2018 authorized and committed funds for a loan of \$8,054,000 to the City to replace two wells and various pipelines throughout the City. The loan will be secured by a non-voted revenue bond (Series 2019 Water Revenue Bonds) issued by the City. The bonds will be issued at an interest rate of 1% for a period of 25 years, with interest only payments for the first five years and regular annual payments of approximately \$382,000 beginning in 2025. This debt represents 85% of the total project cost. The City will be required to fund the remaining 15%, or \$1,421,000. The total project cost will be \$9,475,000.

On August 6, 2019, the City approved Resolution No. R19-33 modifying Resolution No R 18-41 which authorized and approved the carbon-free power project power sales contract with Utah Associated Municipal Power Systems (UAMPS) along with the associated budget and plan for finance for the project. The project proposes to acquire and construct a nuclear generating facility plan to be located at a site within the Idaho National Laboratory near the City of Idaho Falls, Idaho. The modified contract obligates the City to make payments from the revenues of the Power Fund in exchange for an “entitlement share” representing up to 1,0,250 kW of capacity up from the original 1,000 kW of capacity.. The project is currently in the development phase and the development cost per share is \$872,360. The City has a right to evaluate its participation at each phase of the project.

On August 27, 2019 the City approved Resolution No. 19-37 to enter into a 25-year purchase power agreement through the Utah Associated Municipal Power Systems (UAMPS) to purchase power from Navajo Generation LLC’s proposed Red Mesa Tapaha Solar project. The Red Mesa Tapaha Solar Project is a sixty-six megawatt (MW) solar photovoltaic generation facility to be located on the Navajo Nation.

In November 2019, the Redevelopment Agency of Murray City (RDA) entered into negotiations and intends to sign a contract with American Tower and Verizon Wireless to relocate their existing cell tower and purchase the property where the tower is currently located. The RDA will pay the relocation costs of \$700,720 and the property will be purchased for \$100,000. The Cell tower is being relocated to a site owned by the City on Box Elder Avenue.

The Municipal Building Authority of Murray City (MBA) was reactivated in October 2019. On October 15, 2019 resolution 19-45 was passed by the MBA and resolution 19-46 was passed by the City authorizing the issuance and sale of not more than \$37,000,000 aggregate principal of lease revenue bonds for the design and construction and furnishing of a new City Hall and Police Station. Construction is expected to begin in spring of 2020.



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REQUIRED SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2019



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	\$ 20,525,000	\$ 20,525,000	\$ 20,769,082	\$ 244,082
Property taxes	9,671,000	9,671,000	10,179,734	508,734
Franchise taxes	4,672,000	4,672,000	4,458,730	(213,270)
Licenses and permits	1,320,500	1,390,500	1,829,569	439,069
Intergovernmental	1,971,699	2,832,206	2,726,012	(106,194)
Charges for services	3,384,700	3,432,700	3,783,170	350,470
Fines and forfeitures	1,202,000	1,202,000	1,253,562	51,562
Miscellaneous	199,000	255,556	259,619	4,063
Investment income	75,000	285,000	391,360	106,360
Total revenues	43,020,899	44,265,962	45,650,838	1,384,876
EXPENDITURES				
General government				
Administrative and development services	3,830,488	3,786,912	3,532,203	254,709
Finance	220,540	223,528	199,614	23,914
Human resources	266,129	320,458	247,988	72,470
Justice court	1,223,525	1,236,274	1,114,446	121,828
Legal	736,886	756,662	663,248	93,414
Legislative	262,229	266,432	253,656	12,776
Mayor	458,598	468,329	444,192	24,137
Non-departmental	400,000	508,660	362,365	146,295
Total general government	7,398,395	7,567,255	6,817,712	749,543
Public safety				
Fire department	8,979,496	9,375,136	8,957,704	417,432
Police department	12,332,758	12,883,321	12,799,364	83,957
Total public safety	21,312,254	22,258,457	21,757,068	501,389
Highways and public improvements				
Engineering	842,268	844,773	827,753	17,020
Streets and highways	3,829,851	4,028,570	3,557,675	470,895
Total highways and public improvements	4,672,119	4,873,343	4,385,428	487,915
Parks, recreation, and culture				
Parks and recreation	5,947,009	6,041,175	5,656,115	385,060
Cemetery	425,041	474,651	433,214	41,437
Total parks, recreation, and culture	6,372,050	6,515,826	6,089,329	426,497
Debt service				
Principal	470,000	470,000	470,000	-
Interest and fiscal charges	240,756	240,756	227,946	12,810
Pledge payment - UTOPIA debt service	1,783,332	1,783,332	1,783,326	6
Total debt service	2,494,088	2,494,088	2,481,272	12,816
Total expenditures	42,248,906	43,708,969	41,530,809	2,178,160
Excess of revenues over expenditures	771,993	556,993	4,120,029	3,563,036
OTHER FINANCING SOURCES (USES)				
Transfers in	4,161,725	4,161,725	4,094,732	(66,993)
Transfers out	(5,510,000)	(7,099,033)	(7,099,033)	-
Net other financing sources (uses)	(1,348,275)	(2,937,308)	(3,004,301)	(66,993)
Net change in fund balance	(576,282)	(2,380,315)	1,115,728	\$ 3,496,043
Fund balance at beginning of year	10,336,983	10,336,983	10,336,983	
Fund balance at end of year	\$ 9,760,701	\$ 7,956,668	\$ 11,452,711	



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Property taxes	\$ 3,067,007	\$ 3,067,007	\$ 636,841	\$ (2,430,166)
Intergovernmental	-	-	2,224,801	2,224,801
Miscellaneous	-	100,000	137,560	37,560
Investment income	10,000	10,000	87,649	77,649
Total revenues	<u>3,077,007</u>	<u>3,177,007</u>	<u>3,086,851</u>	<u>(90,156)</u>
EXPENDITURES				
Highways and public improvements	2,489,178	2,489,178	1,361,789	1,127,389
Debt service				
Principal	301,000	301,000	301,000	-
Interest and fiscal charges	272,668	272,668	271,418	1,250
Total expenditures	<u>3,062,846</u>	<u>3,062,846</u>	<u>1,934,207</u>	<u>1,128,639</u>
Excess of revenues over expenditures	<u>14,161</u>	<u>114,161</u>	<u>1,152,644</u>	<u>1,038,483</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(334,400)	(334,400)	(334,400)	-
Net other financing sources (uses)	<u>(334,400)</u>	<u>(334,400)</u>	<u>(334,400)</u>	<u>-</u>
Net change in fund balance	(320,239)	(220,239)	818,244	\$ 1,038,483
Fund balance at beginning of year	<u>1,989,593</u>	<u>1,989,593</u>	<u>1,989,593</u>	
Fund balance at end of year	<u>\$ 1,669,354</u>	<u>\$ 1,769,354</u>	<u>\$ 2,807,837</u>	



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Property taxes	\$ 2,482,000	\$ 2,482,000	\$ 2,658,643	\$ 176,643
Intergovernmental	12,000	12,000	12,000	-
Fines and forfeitures	35,000	35,000	33,627	(1,373)
Miscellaneous	8,000	8,000	11,013	3,013
Investment income	5,000	5,000	50,169	45,169
Total revenues	<u>2,542,000</u>	<u>2,542,000</u>	<u>2,765,452</u>	<u>223,452</u>
EXPENDITURES				
Parks, recreation, and culture	<u>2,012,810</u>	<u>2,012,810</u>	<u>1,753,890</u>	<u>258,920</u>
Total expenditures	<u>2,012,810</u>	<u>2,012,810</u>	<u>1,753,890</u>	<u>258,920</u>
Net change of fund balance	529,190	529,190	1,011,562	<u>\$ 482,372</u>
Fund balance at beginning of year	<u>722,403</u>	<u>722,403</u>	<u>722,403</u>	
Fund balance at end of year	<u>\$ 1,251,593</u>	<u>\$ 1,251,593</u>	<u>\$ 1,733,965</u>	



**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 CALENDAR YEARS ***

MEASUREMENT DATE OF DECEMBER 31, 2018
JUNE 30, 2019

		Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employees payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System	2014	1.4050804%	\$ 6,101,190	\$ 12,005,198	50.80%	90.2%
	2015	1.4044030%	7,988,038	12,025,956	66.42%	87.8%
	2016	1.4272199%	9,164,498	12,419,920	73.79%	87.3%
	2017	1.3914877%	6,096,525	12,097,753	50.39%	91.9%
	2018	1.4117505%	10,395,741	12,386,211	83.93%	87.0%
Contributory System	2014	1.2881602%	\$ 371,561	\$ 688,420	54.00%	94.0%
	2015	1.3895583%	976,657	592,060	164.96%	85.7%
	2016	2.3929059%	785,139	574,149	136.75%	92.9%
	2017	2.1972913%	170,665	425,573	40.10%	98.2%
	2018	2.0981454%	851,433	392,708	216.81%	91.2%
Public Safety System	2014	2.3828708%	\$ 2,996,658	\$ 3,620,709	82.80%	90.5%
	2015	2.4167832%	4,329,066	3,590,165	120.58%	87.1%
	2016	2.5723775%	5,220,064	3,828,372	136.35%	86.5%
	2017	2.3709950%	3,719,821	3,459,507	107.51%	90.2%
	2018	2.5817706%	6,641,824	3,722,855	178.41%	84.7%
Firefighters System	2014	11.8165586%	\$ (674,298)	\$ 3,136,424	-21.50%	103.5%
	2015	11.5488265%	(209,172)	3,105,843	-6.73%	101.0%
	2016	12.0871251%	(95,289)	3,398,063	-2.80%	100.4%
	2017	11.5781685%	(723,117)	3,385,874	-21.36%	103.0%
	2018	11.3620768%	1,475,335	3,513,281	41.99%	94.3%
Tier 2 Public Employees System	2014	0.2312225%	\$ (7,007)	\$ 1,134,435	-0.60%	103.5%
	2015	0.2407870%	(526)	1,555,813	0.03%	100.2%
	2016	0.2467380%	29,524	2,170,558	1.36%	95.1%
	2017	2.4719860%	21,795	2,417,294	0.90%	97.4%
	2018	0.2618701%	112,153	3,052,903	3.67%	90.8%
Tier 2 Public Safety and Firefighter System	2014	1.7761219%	\$ (26,275)	\$ 734,851	-3.60%	120.5%
	2015	1.8809637%	(27,481)	1,119,342	-2.46%	110.7%
	2016	1.7286488%	(15,006)	1,428,252	-1.05%	103.6%
	2017	1.4908812%	(17,251)	1,573,437	-1.10%	103.0%
	2018	1.4780218%	37033	1974242	1.88%	95.6%

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



SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS *
JUNE 30, 2019

		Actuarial- determined contributions	Contributions in relation to the contractually- required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered- employee payroll
Noncontributory System	2014	\$ 2,061,432	\$ (2,061,432)	\$ -	\$ 12,017,593	17.15%
	2015	2,194,948	2,194,948	-	11,975,262	18.33%
	2016	2,181,985	2,181,985	-	11,929,341	18.29%
	2017	2,207,591	2,207,591	-	12,101,414	18.24%
	2018	2,264,847	2,264,847	-	12,493,960	18.13%
	2019	2,303,750	2,303,750	-	12,704,022	18.13%
Contributory System	2014	\$ 90,522	\$ (90,522)	\$ -	\$ 681,632	13.28%
	2015	94,071	94,071	-	650,548	14.46%
	2016	83,310	83,310	-	576,133	14.46%
	2017	72,189	72,189	-	499,235	14.46%
	2018	58,484	58,484	-	404,450	14.46%
	2019	59,548	59,548	-	411,814	14.46%
Public Safety System	2014	\$ 1,092,829	\$ (1,092,829)	\$ -	\$ 3,697,091	29.56%
	2015	1,142,893	1,142,893	-	3,572,076	32.00%
	2016	1,180,370	1,180,370	-	3,650,978	32.33%
	2017	1,162,087	1,162,087	-	3,586,349	32.40%
	2018	1,166,457	1,166,457	-	3,564,029	32.73%
	2019	1,327,470	1,327,470	-	4,039,003	32.87%
Firefighters System	2014	\$ 95,307	\$ (95,307)	\$ -	\$ 3,274,834	2.91%
	2015	117,450	117,450	-	3,074,888	3.82%
	2016	124,809	124,809	-	3,128,658	3.99%
	2017	131,031	131,031	-	3,368,401	3.89%
	2018	138,544	138,544	-	3,525,283	3.93%
	2019	167,330	167,330	-	3,629,720	4.61%
Tier 2 Public Employees System *	2014	\$ 138,866	\$ (138,866)	\$ -	\$ 992,611	13.99%
	2015	193,069	193,069	-	1,292,292	14.94%
	2016	271,016	271,016	-	1,817,920	14.91%
	2017	339,392	339,392	-	2,276,278	14.91%
	2018	412,447	412,447	-	2,729,630	15.11%
	2019	543,272	543,272	-	3,493,437	15.55%
Tier 2 Public Safety and Firefighter System	2014	\$ 109,576	\$ (109,576)	\$ -	\$ 599,068	18.29%
	2015	170,014	170,014	-	934,688	18.19%
	2016	232,844	232,844	-	1,289,473	18.06%
	2017	270,278	270,278	-	1,458,513	18.53%
	2018	332,268	332,268	-	1,737,316	19.13%
	2019	430,332	430,332	-	2,238,494	19.22%
Tier 2 Public Employees DC Only System **	2014	\$ 7,498	\$ (7,498)	\$ -	\$ 134,379	5.58%
	2015	18,143	18,143	-	269,988	6.72%
	2016	22,485	22,485	-	336,102	6.69%
	2017	26,453	26,453	-	395,408	6.69%
	2018	23,139	23,139	-	345,871	6.69%
	2019	27,749	27,749	-	415,235	6.68%
Tier 2 Public Safety and Firefighter DC Only System **	2014	\$ 322	\$ (322)	\$ -	\$ 3,235	9.94%
	2015	5,178	5,178	-	43,767	11.83%
	2016	205	205	-	1,733	11.83%
	2017	1,548	1,548	-	81,781	1.89%
	2018	434	434	-	93,645	0.46%
	2019	3657	3657	-	181,646	2.01%

* This schedule usually covers the 10 most recent fiscal years; however, this is the information available since implementation of GAB 68.

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



NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

NOTE 1- CHANGES IN ASSUMPTIONS

The assumptions and methods used to calculate the total pension liability remain unchanged from the prior year.

SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2019



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Perpetual care fees	\$ -	\$ 3,000	\$ 1,540	\$ (1,460)
Investment income	-	16,100	43,462	27,362
Total revenues	-	19,100	45,002	25,902
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures	-	19,100	45,002	25,902
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(110,000)	(129,100)	(129,100)	-
Total other financing sources (uses)	(110,000)	(129,100)	(129,100)	-
Net change of fund balance	(110,000)	(110,000)	(84,098)	\$ 25,902
Fund balance at beginning of year	1,432,979	1,432,979	1,432,979	
Fund balance at end of year	\$ 1,322,979	\$ 1,322,979	\$ 1,348,881	



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Intergovernmental	\$ -	\$ 3,754,637	\$ 1,055,675	\$ (2,698,962)
Miscellaneous	-	-	8,753	8,753
Investment income	-	-	376,888	376,888
Total revenues	-	3,754,637	1,441,316	(2,313,321)
<u>EXPENDITURES</u>				
General government	2,384,500	6,754,888	4,624,602	2,130,286
Public safety	1,175,000	8,213,300	3,363,174	4,850,126
Highways and public improvements	1,650,000	6,297,993	1,897,738	4,400,255
Parks, recreation, and culture	1,540,000	1,664,100	646,603	1,017,497
Total expenditures	6,749,500	22,930,281	10,532,117	12,398,164
Excess (deficiency) of revenues over (under) expendi	(6,749,500)	(19,175,644)	(9,090,801)	10,084,843
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	-	78,006	78,006
Transfers in	5,560,000	7,168,133	7,168,133	-
Transfers out	(310,000)	(310,000)	(310,000)	-
Net other financing sources (uses)	5,250,000	6,858,133	6,936,139	78,006
Net change in fund balance	(1,499,500)	(12,317,511)	(2,154,662)	\$ 10,162,849
Fund balance at beginning of year	20,167,892	20,167,892	20,167,892	
Fund balance at end of year	\$ 18,668,392	\$ 7,850,381	\$ 18,013,230	



INTERNAL SERVICE FUNDS

Central Garage Fund

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

Retained Risk Fund

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



**STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Retained Risk Fund	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 232,312	\$ 1,379,109	\$ 1,611,421
Investments	-	663,937	663,937
Inventory	59,513	-	59,513
Total current assets	291,825	2,043,046	2,334,871
Noncurrent assets			
Capital assets			
Equipment	261,364	-	261,364
Less: Accumulated depreciation	(130,032)	-	(130,032)
Total noncurrent assets	131,332	-	131,332
Total assets	423,157	2,043,046	2,466,203
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	85,003	76,878	161,881
Total deferred outflows of resources	85,003	76,878	161,881
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	2,404	17,495	19,899
Accrued liabilities	13,480	264,930	278,410
Compensated absences	15,084	21,461	36,545
Total current liabilities	30,968	303,886	334,854
Noncurrent liabilities			
Compensated absences	7,991	11,369	19,360
Net pension payable	154,337	139,584	293,921
Total noncurrent liabilities	162,328	150,953	313,281
Total liabilities	193,296	454,839	648,135
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	9,691	8,765	18,456
Total deferred Inflows of resources	9,691	8,765	18,456
<u>NET POSITION</u>			
Net investment in capital assets	131,332	-	131,332
Unrestricted	173,841	1,656,320	1,830,161
Total net position	\$ 305,173	\$ 1,656,320	\$ 1,961,493



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Retained Risk Fund	Total
<u>OPERATING REVENUES</u>			
Charges for services	\$ 429,156	\$ 1,158,981	\$ 1,588,137
Total operating revenues	429,156	1,158,981	1,588,137
<u>OPERATING EXPENSES</u>			
Wages and benefits	354,496	380,865	735,361
Operations and maintenance	54,328	634,308	688,636
Depreciation	16,829	-	16,829
Total operating expenses	425,653	1,015,173	1,440,826
Operating income	3,503	143,808	147,311
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	5,885	51,706	57,591
Total nonoperating revenues (expenses)	5,885	51,706	57,591
Change net position	9,388	195,514	204,902
Total net position - beginning	295,785	1,460,806	1,756,591
Total net position - ending	\$ 305,173	\$ 1,656,320	\$ 1,961,493



**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 429,156	\$ 1,158,981	\$ 1,588,137
Payments to suppliers of goods and services	(41,704)	(623,772)	(665,476)
Payments to employees for services	(340,519)	(353,273)	(693,792)
Net cash provided by operating activities	<u>46,933</u>	<u>181,936</u>	<u>228,869</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(11,871)	-	(11,871)
Net cash used by capital and related financing activities	<u>(11,871)</u>	<u>-</u>	<u>(11,871)</u>
Cash flows from investing activities			
Purchase of investments	-	(509,706)	(509,706)
Investment income	5,885	51,706	57,591
Net cash provided (used) by investing activities	<u>5,885</u>	<u>(458,000)</u>	<u>(452,115)</u>
Net increase (decrease) in cash and cash equivalents	40,947	(276,064)	(235,117)
Cash and cash equivalents - beginning of year	191,365	1,655,173	1,846,538
Cash and cash equivalents - end of year	<u>\$ 232,312</u>	<u>\$ 1,379,109</u>	<u>\$ 1,611,421</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 3,503	\$ 143,808	\$ 147,311
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation and amortization	16,829	-	16,829
(Increase) decrease in inventory and prepaid items	9,779	-	9,779
Increase (decrease) in liabilities	16,822	38,128	54,950
Net cash provided by operating activities	<u>\$ 46,933</u>	<u>\$ 181,936</u>	<u>\$ 228,869</u>



NONMAJOR PROPRIETARY FUNDS

Murray Parkway Fund

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

Solid Waste Fund

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

Telecom Fund

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



**STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS**

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 600,631	\$ 211,820	\$ 66,317	\$ 878,768
Investments	-	-	50,436	50,436
Accounts receivable (net)	-	219,191	3,353	222,544
Notes receivable	-	-	27,683	27,683
Inventory	54,142	-	-	54,142
Total current assets	654,773	431,011	147,789	1,233,573
Noncurrent assets				
Restricted cash	1,500	-	-	1,500
Notes receivable	-	-	252,765	252,765
Investments in joint ventures	-	2,205,576	-	2,205,576
Capital assets				
Land	326,336	-	-	326,336
Buildings	873,119	-	-	873,119
Improvements other than buildings	6,147,369	-	-	6,147,369
Equipment	1,015,407	397,775	-	1,413,182
Less: Accumulated depreciation	(5,675,756)	(189,166)	-	(5,864,922)
Total noncurrent assets	2,687,975	2,414,185	252,765	5,354,925
Total assets	3,342,748	2,845,196	400,554	6,588,498
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pensions	167,697	33,807	-	201,504
Total deferred outflows of resources	167,697	33,807	-	201,504
LIABILITIES				
Current liabilities				
Accounts payable	27,550	112,819	-	140,369
Accrued liabilities	155,674	7,065	-	162,739
Due to other funds	1,198,324	-	-	1,198,324
Compensated absences	77,737	5,833	-	83,570
Notes payable	-	-	27,683	27,683
Customer deposits	1,500	-	-	1,500
Total current liabilities	1,460,785	125,717	27,683	1,614,185
Noncurrent liabilities				
Notes payable	-	-	252,765	252,765
Compensated absences	41,182	3,089	-	44,271
Net pension payable	304,481	61,381	-	365,862
Total noncurrent liabilities	345,663	64,470	252,765	662,898
Total liabilities	1,806,448	190,187	280,448	2,277,083
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pensions	19,119	3,854	-	22,973
Total deferred inflows of resources	19,119	3,854	-	22,973
NET POSITION				
Net investment in capital assets	2,686,475	208,609	-	2,895,084
Unrestricted	(1,001,597)	2,476,353	120,106	1,594,862
Total net position	\$ 1,684,878	\$ 2,684,962	\$ 120,106	\$ 4,489,946



**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS**

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
OPERATING REVENUES				
Charges for services	\$ 1,252,985	\$ 1,792,750	\$ 73,943	\$ 3,119,678
Other	1,074	-	-	1,074
Total operating revenues	<u>1,254,059</u>	<u>1,792,750</u>	<u>73,943</u>	<u>3,120,752</u>
OPERATING EXPENSES				
Wages and benefits	827,796	174,738	-	1,002,534
Administrative fees	-	143,894	-	143,894
Operations and maintenance	382,422	1,362,675	71,788	1,816,885
Depreciation and amortization	264,469	32,818	-	297,287
Total operating expenses	<u>1,474,687</u>	<u>1,714,125</u>	<u>71,788</u>	<u>3,260,600</u>
Operating income (loss)	<u>(220,628)</u>	<u>78,625</u>	<u>2,155</u>	<u>(139,848)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	15,929	6,119	3,223	25,271
Interest and fiscal charges	(26,743)	-	-	(26,743)
Equity in income of joint venture	-	189,238	-	189,238
Gain on disposal of assets	1,323	-	-	1,323
Total nonoperating revenues (expenses)	<u>(9,491)</u>	<u>195,357</u>	<u>3,223</u>	<u>189,089</u>
Income (loss) before transfers	<u>(230,119)</u>	<u>273,982</u>	<u>5,378</u>	<u>49,241</u>
Transfers in	370,000	2,016,338	-	2,386,338
Transfers out	-	(132,633)	-	(132,633)
Change in net position	139,881	2,157,687	5,378	2,302,946
Total net position, beginning	<u>1,544,997</u>	<u>527,275</u>	<u>114,728</u>	<u>2,187,000</u>
Total net position, ending	<u>\$ 1,684,878</u>	<u>\$ 2,684,962</u>	<u>\$ 120,106</u>	<u>\$ 4,489,946</u>



**STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS**

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 1,254,059	\$ 1,709,209	\$ 74,743	\$ 3,038,011
Payments to suppliers of goods and services	(369,488)	(1,352,895)	(71,788)	(1,794,171)
Payments to employees for services	(817,860)	(185,217)	-	(1,003,077)
Payment for interfund services	-	(143,894)	-	(143,894)
Net cash provided by operating activities	66,711	27,203	2,955	96,869
Cash flows from noncapital financing activities				
Transfers to other funds	370,000	-	-	370,000
Transfers to other funds	-	(132,633)	-	(132,633)
Changes to interfund receivables and payables	(138,819)	-	-	(138,819)
Net cash provided (used) by noncapital financing activities	231,181	(132,633)	-	98,548
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	1,323	-	-	1,323
Purchases of capital assets	(170,835)	-	-	(170,835)
Interest and fiscal charges paid on capital debt	(26,743)	-	-	(26,743)
Net cash used by capital and related financing activities	(196,255)	-	-	(196,255)
Cash flows from investing activities				
Sale (purchase) of investments	-	-	(50,436)	(50,436)
Investment income	15,929	6,119	3,223	25,271
Net cash provided (used) by investing activities	15,929	6,119	(47,213)	(25,165)
Net increase (decrease) in cash and cash equivalents	117,566	(99,311)	(44,258)	(26,003)
Cash and cash equivalents - beginning of year	484,565	311,131	110,575	906,271
Cash and cash equivalents - end of year	\$ 602,131	\$ 211,820	\$ 66,317	\$ 880,268
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (220,628)	\$ 78,625	\$ 2,155	\$ (139,848)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation and amortization	264,469	32,818	-	297,287
(Increase) decrease in receivables	-	(83,541)	800	(82,741)
(Increase) decrease in inventory and prepaid items	(3,416)	-	-	(3,416)
Increase (decrease) in liabilities	26,286	(699)	-	25,587
Net cash provided by operating activities	\$ 66,711	\$ 27,203	\$ 2,955	\$ 96,869

STATISTICAL SECTION



For Fiscal Year Ended June 30, 2019



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

Financial Trends

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

Revenue Capacity

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

Debt Capacity

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

Demographic and Economic Information

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

Operating Information

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



SCHEDULE 1 - NET POSITION BY COMPONENT

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Governmental activities										
Net investment in capital assets	\$121,879	\$68,475	\$70,308	\$64,825	\$60,998	\$56,505	\$57,483	\$56,770	\$55,550	\$58,427
Restricted	8,495	8,859	5,616	4,030	3,633	5,878	2,364	2,897	4,151	3,432
Unrestricted	17,107	20,424	16,245	16,398	15,199	20,496	20,391	17,716	14,273	10,222
Total governmental net position	147,481	97,758	92,169	85,253	79,830	82,879	80,238	77,383	73,974	72,081
Business-type activities										
Net investment in capital assets	69,011	66,553	66,627	71,916	63,107	62,237	56,679	55,047	55,429	51,828
Restricted	1,546	1,919	2,803	296	599	2,303	3,215	-	1,005	1,000
Unrestricted	41,667	28,097	25,233	20,862	24,469	24,284	24,892	25,052	16,389	14,758
Total business-type net position	112,224	96,569	94,663	93,074	88,175	88,824	84,786	80,099	72,823	67,586
Primary government										
Net investment in capital assets	190,890	135,028	136,935	136,741	124,105	118,742	114,162	111,817	110,979	110,255
Restricted	10,041	10,778	8,419	4,326	4,232	8,181	5,579	2,897	5,157	4,432
Unrestricted	58,774	48,521	41,478	37,260	39,668	44,780	45,283	42,768	30,662	24,980
Total primary government net position	<u>\$259,705</u>	<u>\$194,327</u>	<u>\$186,832</u>	<u>\$178,327</u>	<u>\$168,005</u>	<u>\$171,703</u>	<u>\$165,024</u>	<u>\$157,482</u>	<u>\$146,798</u>	<u>\$139,667</u>



SCHEDULE 2 - CHANGE IN NET POSITION

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Expenses										
Governmental activities										
General government	\$11,048	\$8,858	\$8,988	\$8,192	\$8,195	\$8,279	\$7,406	\$8,984	\$10,198	\$9,821
Public safety	23,587	19,238	20,510	19,661	17,450	17,996	16,356	16,679	17,790	18,459
Highways and public improvements	7,993	6,253	6,842	6,870	6,291	6,837	8,666	7,880	7,277	8,034
Parks, recreation, and culture	9,158	9,931	8,682	8,444	8,030	7,947	7,539	7,068	7,480	7,717
Debt service - interest and fiscal charges	350	335	323	317	303	336	384	440	548	621
Total governmental expenses	52,136	44,615	45,345	43,484	40,269	41,395	40,351	41,051	43,293	44,652
Business-type activities										
Water	4,864	4,828	4,755	4,560	4,399	4,139	4,128	4,085	4,887	5,998
Wastewater	4,464	6,748	5,612	3,425	3,555	3,412	3,354	3,255	2,732	3,274
Power	31,635	32,142	32,080	32,429	32,613	32,412	30,312	31,190	32,432	32,420
Murray parkway	1,501	1,382	1,729	1,295	1,394	1,290	1,260	1,697	1,614	1,485
Telecom	72	83	68	84	69	71	63	33	-	-
Solid waste	1,714	1,616	1,571	1,323	1,229	1,189	1,127	1,050	942	806
Storm water	2,709	2,614	2,457	2,342	2,452	2,240	1,918	1,885	1,691	1,421
Total business-type activities expenses	46,959	49,413	48,272	45,458	45,711	44,753	42,162	43,195	44,298	45,404
Total primary government expenses	\$99,095	\$94,028	\$93,617	\$88,942	\$85,980	\$86,148	\$82,513	\$84,246	\$87,591	\$90,056
Program revenues										
Governmental activities										
Charges for services										
General government	\$5,534	\$3,159	\$3,545	\$3,680	\$3,340	\$3,338	\$3,090	\$3,423	\$6,149	\$5,926
Public safety	2,608	2,123	2,176	1,808	1,661	1,531	900	1,183	1,500	644
Highways & public improvements	1,810	-	-	-	63	71	58	99	78	85
Parks, recreation, and culture	1,988	1,779	1,777	2,025	1,739	1,695	1,616	1,775	1,925	1,750
Operating grants and contributions	-	2,527	2,638	2,514	3,306	-	5,085	4,478	1,385	406
Capital grants & contributions	4,780	429	2,239	1,496	213	4,606	626	2,087	2,472	2,179
Total governmental program revenues	16,720	10,017	12,375	11,523	10,322	11,241	11,375	13,045	13,509	10,990
Business-type activities										
Charges for services										
Water	6,046	5,751	5,802	5,476	5,245	5,497	5,938	6,373	5,989	4,781
Wastewater	4,833	4,743	4,878	4,815	4,600	4,371	4,196	4,348	4,072	3,397
Power	37,853	37,389	37,254	38,173	36,824	37,514	37,990	37,628	36,329	33,187
Murray parkway	1,254	1,252	1,180	1,274	1,394	1,320	1,460	1,563	1,347	1,421
Telecom	74	84	68	84	71	71	67	34	-	-
Solid waste	1,793	1,659	1,605	1,485	1,385	1,369	1,212	1,010	962	818
Storm water	1,918	1,879	1,650	1,641	1,617	1,864	1,757	1,403	1,433	1,400
Capital grants & contributions	3,309	256	702	167	178	38	743	833	2,860	-
Total business-type program revenues	57,080	53,013	53,139	53,115	51,314	52,044	53,363	53,192	52,992	45,005
Total primary government program revenues	\$73,800	\$63,030	\$65,514	\$64,638	\$61,636	\$63,285	\$64,738	\$66,237	\$66,501	\$55,995
Net (expense)/revenue										
Governmental activities	\$(35,416)	\$(34,598)	\$(32,970)	\$(31,961)	\$(29,947)	\$(30,154)	\$(28,976)	\$(28,006)	\$(29,783)	\$(33,663)
Business-type activities	10,121	3,600	4,867	7,657	5,603	7,291	11,201	9,997	8,694	(399)
Total primary government net expense	\$(25,295)	\$(30,998)	\$(28,103)	\$(24,304)	\$(24,344)	\$(22,863)	\$(17,775)	\$(18,009)	\$(21,089)	\$(34,062)

MURRAY CITY
STATISTICAL SECTION
For the Fiscal Year Ended June 30, 2019



Note: A state-mandated change in reporting requirements was implemented from FY 2014-FY2017. This required E911 fees be reported as revenue and then expensed when it was passed through to another non-taxing government entity.

SCHEDULE 2 - CHANGE IN NET POSITION (continued)

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General revenues & other changes in net position										
Governmental activities										
Taxes										
Sales taxes	\$20,769	\$20,320	\$19,434	\$17,596	\$14,181	\$13,548	\$12,916	\$12,847	\$12,800	\$12,293
Property taxes	13,475	10,996	11,093	11,031	11,052	10,293	10,299	10,076	9,823	9,700
Franchise taxes	4,459	4,630	4,666	4,794	4,724	4,932	4,993	4,849	4,925	4,931
Investment income	1,007	455	391	232	171	120	203	296	310	396
Gain/(loss) on sale & disposal of assets	69	(2)	57	82	31	57	94	11	-	(85)
Miscellaneous	260	292	608	417	349	279	277	207	196	735
Rent, transfers & miscellaneous	1,374	3,599	3,638	3,231	4,173	3,565	3,606	3,130	3,622	3,005
Total governmental activities	<u>41,413</u>	<u>40,290</u>	<u>39,887</u>	<u>37,383</u>	<u>34,681</u>	<u>32,794</u>	<u>32,388</u>	<u>31,416</u>	<u>31,676</u>	<u>30,975</u>
Business-type activities										
Investment income	1,076	626	408	383	308	288	287	245	183	215
Equity investment income	1,173									
Gain/(loss) on sale & disposal of assets	83	(105)	3	90	50	25	31	163	(17)	39
Rent & transfers	(1,374)	(3,599)	(3,638)	(3,231)	(4,173)	(3,565)	(3,606)	(3,130)	(3,622)	(3,005)
Total business-type activities	<u>958</u>	<u>(3,078)</u>	<u>(3,227)</u>	<u>(2,758)</u>	<u>(3,815)</u>	<u>(3,252)</u>	<u>(3,288)</u>	<u>(2,722)</u>	<u>(3,456)</u>	<u>(2,751)</u>
Total primary government	<u>\$42,371</u>	<u>\$37,212</u>	<u>\$36,660</u>	<u>\$34,625</u>	<u>\$30,866</u>	<u>\$29,542</u>	<u>\$29,100</u>	<u>\$28,694</u>	<u>\$28,220</u>	<u>\$28,224</u>
Change in net position										
Governmental activities	\$5,997	\$5,692	\$6,917	\$5,422	\$4,734	\$2,640	\$3,412	\$3,410	\$1,893	\$(2,687)
Business-type activities	11,079	522	1,640	4,899	1,788	4,039	7,913	7,275	5,238	(3,151)
Total primary government	<u>\$17,076</u>	<u>\$6,214</u>	<u>\$8,557</u>	<u>\$10,321</u>	<u>\$6,522</u>	<u>\$6,679</u>	<u>\$11,325</u>	<u>\$10,685</u>	<u>\$7,131</u>	<u>\$(5,838)</u>

*Note: Prior to FY2019 the change in equity ownership in joint ventures was recorded as a decrease in operational expenses.



SCHEDULE 3 - FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting
(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$1,490
Unreserved	-	-	-	-	-	-	-	-	-	7,522
Nonspendable	13	52	129	173	148	123	-	235	-	-
Restricted	58	121	340	104	258	163	363	1,917	2,159	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	11,382	10,164	8,797	9,280	8,624	8,440	9,638	9,150	10,546	-
Total General Fund	<u>\$11,453</u>	<u>\$10,337</u>	<u>\$9,266</u>	<u>\$9,557</u>	<u>\$9,030</u>	<u>\$8,726</u>	<u>\$10,001</u>	<u>\$11,302</u>	<u>\$12,705</u>	<u>\$9,012</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$3,028
Unreserved	-	-	-	-	-	-	-	-	-	2,701
Nonspendable	681	35	39	36	34	16	-	-	20	-
Restricted	8,438	8,651	5,260	3,926	3,374	5,715	1,481	461	1,472	-
Committed	1,349	1,433	1,420	1,354	1,046	1,404	1,359	1,316	1,322	-
Assigned	13,436	14,193	12,016	10,999	11,282	10,368	9,897	6,223	3,361	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$23,904</u>	<u>\$24,312</u>	<u>\$18,735</u>	<u>\$16,315</u>	<u>\$15,736</u>	<u>\$17,503</u>	<u>\$12,737</u>	<u>\$8,000</u>	<u>\$6,175</u>	<u>\$5,729</u>

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



SCHEDULE 4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting
(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Revenues										
Taxes & special assessments	\$38,703	\$35,946	\$35,193	\$33,421	\$29,956	\$28,773	\$28,208	\$27,625	\$27,442	\$27,222
Licenses & permits	1,830	1,776	2,088	1,989	1,530	1,400	1,380	1,526	1,439	1,180
Intergovernmental	6,018	2,709	3,974	3,372	2,905	4,417	5,085	4,478	3,423	2,585
Administrative fees	-	-	-	-	-	-	3,025	2,994	2,742	3,003
Charges for services	3,785	3,720	3,479	3,419	2,944	2,892	2,575	3,057	3,514	2,431
Fines & forfeitures	1,287	1,245	1,347	1,623	1,810	1,938	1,710	1,897	1,958	1,791
Emergency 911 Fees	-	-	475	466	448	424	-	-	-	-
Miscellaneous	417	292	608	418	349	279	278	207	196	734
Investment Income	949	426	371	220	163	113	194	286	306	391
Total revenues	52,989	46,114	47,535	44,928	40,105	40,236	42,455	42,070	41,020	39,337
Expenditures										
General government	6,825	6,767	6,659	6,374	6,355	6,169	8,561	9,697	7,952	7,991
Public safety	21,674	18,597	18,993	18,371	17,483	17,387	16,424	15,987	16,719	16,927
Highways & public improvements	5,645	4,220	4,598	4,790	4,536	6,190	6,496	6,204	4,657	4,738
Parks, recreation and culture	7,951	9,106	7,579	7,660	7,238	5,785	6,957	6,325	6,657	6,740
Capital outlay	10,602	7,720	12,603	5,910	6,608	3,315	3,377	2,883	1,058	5,134
Debt service										
Principal	771	511	4,376	2,008	1,565	1,289	1,524	1,754	2,634	2,066
Interest	499	434	420	349	331	353	410	475	589	659
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Pledge payment - UTOPIA	1,783	1,748	1,714	1,680	1,647	1,615	1,584	1,661	1,123	821
Total expenditures	55,750	49,103	56,942	47,142	45,763	42,103	45,333	44,986	41,389	45,076
Excess of revenues over (under) expenditures	(2,761)	(2,989)	(9,407)	(2,214)	(5,658)	(1,867)	(2,878)	(2,916)	(369)	(5,739)
Other financing sources (uses)										
Proceeds from borrowing	-	5,898	7,521	-	-	1,343	-	-	-	-
Capital lease financing	-	-	-	-	-	420	96	-	-	207
Transfers in	11,263	17,048	9,632	8,583	8,255	8,471	10,923	7,261	4,824	4,181
Transfers out	(7,873)	(13,448)	(5,694)	(5,346)	(4,074)	(4,906)	(7,317)	(4,131)	(1,202)	(1,176)
Sales of capital assets	78	40	77	82	16	29	1,363	208	886	224
Total other financing sources (uses)	3,468	9,538	11,536	3,319	4,197	5,357	5,065	3,338	4,508	3,436
Net change in fund balances	\$707	\$6,549	\$2,129	\$1,105	\$(1,461)	\$3,490	\$2,187	\$422	\$4,139	\$(2,303)
Debt service as a % of noncapital expenditures	7.25%	6.96%	17.21%	10.85%	9.95%	9.17%	9.15%	10.18%	12.08%	9.74%

Notes:

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



SCHEDULE 5 - TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Fiscal Years

Accrual basis of accounting

Fiscal Year	Property Tax**	Tax Increment	Sales Tax*	Franchise Tax	Transient Room Tax	Total
2019	\$12,838,377	\$2,861,642	\$20,769,082	\$4,458,730	\$215,878	\$41,143,709
2018	8,488,555	2,506,977	20,095,999	4,630,311	224,117	35,945,959
2017	8,433,772	2,658,774	19,227,686	4,666,627	205,970	35,192,828
2016	8,272,206	2,759,197	17,407,444	4,793,748	188,749	33,421,344
2015	8,275,306	2,776,692	14,024,199	4,723,793	156,393	29,956,383
2014	8,159,505	2,133,581	13,461,012	4,931,685	86,875	28,772,658
2013	8,061,307	2,237,283	12,821,666	4,993,384	94,359	28,207,999
2012	8,085,132	1,990,650	12,613,871	4,849,560	85,884	27,625,097
2011	7,992,332	1,830,905	12,589,925	4,924,741	104,295	27,442,198
2010	7,900,865	1,799,287	12,517,564	4,931,012	73,421	27,222,149

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

**Note: In FY 2019, the City passes a 45% property tax increase.



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

Tax Year	Fiscal Year	Total Real Taxable Assessed Value	Estimated Actual Real Taxable Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Murray City Direct Tax Rate	Murray City Library Tax Rate
2018	2019	\$4,871,492,325	\$7,043,255,943	69.17%	0.001892	0.000491
2017	2018	4,456,659,721	6,454,562,023	69.05%	0.001415	0.000344
2016	2017	4,102,757,654	5,944,846,239	69.01%	0.001522	0.000370
2015	2016	3,757,320,168	5,477,592,570	68.59%	0.001648	0.000401
2014	2015	3,557,744,127	5,194,496,520	68.49%	0.001734	0.000422
2013	2014	3,386,078,259	4,908,687,090	68.98%	0.001782	0.000434
2012	2013	3,268,771,128	4,728,904,683	69.12%	0.001817	0.000442
2011	2012	3,314,520,835	4,828,368,654	68.65%	0.001772	0.000431
2010	2011	3,362,914,199	4,900,456,861	68.62%	0.001740	0.000420
2009	2010	3,492,958,784	5,088,229,332	68.65%	0.001630	0.000400

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

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



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

<u>Tax Year</u>	<u>Fiscal Year</u>	<u>Murray City</u>	<u>Murray City Library</u>	<u>Murray School District</u>	<u>Salt Lake County</u>	<u>Mosquito Abatement District</u>	<u>Central Utah Water Conservation</u>
2018	2019	0.001892	0.000491	0.005885	0.002025	0.000141	0.000400
2017	2018	0.001415	0.000344	0.006185	0.002238	0.000017	0.000400
2016	2017	0.001522	0.000370	0.006291	0.002639	0.000018	0.000400
2015	2016	0.001648	0.000401	0.007086	0.002819	0.000019	0.000405
2014	2015	0.001734	0.000422	0.006846	0.003036	0.000020	0.000422
2013	2014	0.001782	0.000434	0.007003	0.003180	0.000020	0.000446
2012	2013	0.001817	0.000442	0.006481	0.002793	0.000021	0.000455
2011	2012	0.001772	0.000431	0.006201	0.002696	0.000052	0.000436
2010	2011	0.001740	0.000420	0.005930	0.002590	0.000050	0.000420
2009	2010	0.001630	0.000400	0.005520	0.002290	0.000030	0.000400

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

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



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

Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2018	2019	\$9,096,000	\$9,367,632	102.99%	0	\$9,367,632	102.99%
2017	2018	6,173,908	6,236,623	101.02%	84,163	6,320,786	102.38%
2016	2017	6,081,431	6,165,882	101.39%	94,472	6,260,354	102.94%
2015	2016	6,044,982	6,105,217	101.00%	144,612	6,249,829	103.39%
2014	2015	6,003,221	6,072,274	101.15%	95,951	6,168,225	102.75%
2013	2014	6,014,202	5,964,588	99.18%	116,124	6,080,711	101.11%
2012	2013	5,887,409	5,830,924	99.04%	142,786	5,973,710	101.47%
2011	2012	5,903,253	5,839,394	98.92%	133,644	5,973,038	101.18%
2010	2011	5,903,086	5,779,782	97.91%	149,721	5,929,503	100.45%
2009	2010	5,863,420	5,669,616	96.69%	193,997	5,863,613	100.00%

Source: Salt Lake County Treasurer

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



SCHEDULE 9 - PRINCIPAL PROPERTY TAXPAYERS
For Years Ended June 30, 2019 and 2013

Taxpayer	Business Type	2019			2013		
		Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Fashion Place SA LLC	Retail	\$279,220,600	1	5.2%	\$97,824,500	1	3.1%
IHC Health Services 5121 S Cottonwood	Office	89,891,850	2	1.7%	92,753,760	2	2.9%
5300 Development LLC	Office	46,939,900	3	0.9%			
The Pointe @ 53rd LLC	Retail	37,957,100	4	0.7%	27,496,100	3	0.9%
Stillwater Apartments	Housing	32,521,335	5	0.6%	18,858,510	4	0.6%
Cobble Creek-36 LP	Housing	28,430,490	6	0.5%	15,624,455	6	0.5%
IHC Health Services 5383 S Green	Office	27,254,700	7	0.5%	16,991,460	5	0.5%
Schoolhouse Galleria, LLC	Education	25,082,900	8	0.5%			
Gelt Lake Pines, LLC	Housing	22,234,355	9	0.4%		12	
IHC Health Services Inc 181 E Medical Tower	Industrial	22,028,300	10	0.4%			
5300 South Center LLC	Office		11	0.0%	13,870,800	7	0.4%
IHC Health Services 5201 S Intermountain	Retail		15	0.0%	13,280,500	8	0.4%
Tio Milestone James Pointe	Housing		13	0.0%	13,012,670	9	0.4%
Roderick Enterprises	Retail		20		12,974,200	10	0.4%
		<u>\$611,561,530</u>		<u>11.5%</u>	<u>\$322,686,955</u>		<u>10.2%</u>

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

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



SCHEDULE 10 - PRINCIPAL SALES TAXPAYERS
 For Years Ended June 30, 2019 and 2010

Taxpayer	2019		2010	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Retail	1	5.33%	1	11.21%
Retail	2	3.28%		
Vehicle Sales	3	2.62%	4	3.75%
Retail	4	2.48%	2	4.59%
Vehicle Sales	5	1.91%	7	2.66%
Vehicle Sales	6	1.84%	9	2.35%
Vehicle Sales	7	1.77%		
Vehicle Sales	8	1.75%	11	2.04%
Retail	9	1.69%		
Furnishing	10	1.62%	3	4.45%
Vehicle Sales	11	1.61%	15	1.69%
Retail	12	1.55%	6	2.67%
Utilities/Telecom	13	1.25%		
Vehicle Sales	14	1.23%	8	2.45%
Retail	15	1.22%	10	2.19%
Retail	16	1.13%	5	2.76%
Government Services	17	1.12%	12	1.96%
Building Products	18	1.07%	13	1.75%
Retail	19	1.07%		
Vehicle Sales	20	1.03%		
Total		36.55%		46.52%

Source: Utah State Tax Commission

Notes:

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



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

Fiscal Year	Direct Rate	Overlapping Rates	
	Total Murray City Direct	Salt Lake County	State of Utah
2019	1.20%	1.40%	4.85%
2018	1.20%	1.15%	4.70%
2017	1.20%	1.15%	4.70%
2016	1.20%	1.15%	4.70%
2015	1.00%	1.15%	4.70%
2014	1.00%	1.15%	4.70%
2013	1.00%	1.15%	4.70%
2012	1.00%	1.15%	4.70%
2011	1.00%	1.15%	4.70%
2010	1.00%	1.15%	4.70%

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



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

Fiscal Year	Governmental Activities		Business-type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	Revenue Bonds	Capital Leases	Revenue Bonds	Capital Leases			
2019	\$13,285,695	\$ -	\$9,076,444	\$ -	\$22,362,139	0.97%	\$454
2018	14,199,939	-	9,783,495	-	23,983,434	1.44%	519
2017	8,853,806	79,042	10,613,585	-	18,418,189	1.15%	403
2016	5,733,941	220,278	6,650,168	-	12,604,387	0.76%	273
2015	7,650,673	275,065	16,907,693	-	24,833,431	1.45%	540
2014	9,125,495	382,770	17,996,673	-	27,504,938	1.56%	588
2013	8,975,319	76,612	24,206,461	-	33,258,392	1.77%	698
2012	10,498,143	-	25,788,754	56,434	36,343,331	1.97%	759
2011	11,850,000	269,149	26,130,000	220,313	38,469,462	2.16%	823
2010	13,305,000	1,448,203	27,765,000	378,419	42,896,622	2.58%	932

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

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



SCHEDULE 13 – DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt (2)(3)
Debt repaid with property taxes			
Murray City School District	\$34,175,000	100.00%	\$34,175,000
Salt Lake County General Obligation Debt	200,500,000	5.190%	10,405,950
Other debt			
Salt Lake County Sales Tax Bonds	193,300,000	4.54%	8,775,820
Salt Lake County Lease Revenue Bonds	55,100,000	4.54%	2,501,540
Salt Lake County Capital Leases	400,000	4.54%	18,160
Salt Lake County Transportation Rev. Bonds	94,000,000	4.54%	4,267,600
Salt Lake County Notes Payable	66,700,000	4.54%	3,028,180
Murray City Schools Lease Revenue Bonds	5,675,000	100.00%	<u>5,675,000</u>
Subtotal, overlapping debt			68,847,250
Murray City direct debt			<u>13,285,695</u>
Total direct and overlapping debt			<u><u>\$82,132,945</u></u>

Sources: Murray School District and Salt Lake County CAFR(s) for the latest available fiscal year (FY 2018)

References:

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

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



SCHEDULE 14 – LEGAL DEBT MARGIN

Last Ten Fiscal Years

(Amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Debt limit										
General (4% Fair Cash Value)	\$281,730	\$258,182	\$237,794	\$219,104	\$207,780	\$196,347	\$189,156	\$193,135	\$196,018	\$203,529
Water and Sewer (4% Fair Cash Value)	281,730	258,182	237,794	219,104	207,780	196,347	189,156	193,135	196,018	203,529
Total 8% Debt Limit	563,460	516,365	475,588	438,207	415,560	392,695	378,312	386,269	392,037	407,058
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$563,460</u>	<u>\$516,365</u>	<u>\$475,588</u>	<u>\$438,207</u>	<u>\$415,560</u>	<u>\$392,695</u>	<u>\$378,312</u>	<u>\$386,269</u>	<u>\$392,037</u>	<u>\$407,058</u>
Total Net Debt Applicable to the										
Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Property Assessed Value	\$4,871,492									
Estimated Actual Real Taxable Value	\$7,043,256									
Debt Limit (8% of Reasonable Fair Cash Value)	563,460									
Debt Applicable to Limit:										
General Obligation Bonds	-									
Less: Amount Set Aside for Repayment of General Obligation Debt	-									
Total Net Debt Applicable to Limit	-									
Legal Debt Margin	<u>\$563,460.48</u>									

Source: Salt Lake County Auditor's Office

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



SCHEDULE 15 – PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Sales Tax Revenue Bonds						
Fiscal Year	Sales Tax Revenue	Debt Service			Coverage	
		Principal	Interest			
2019	\$20,769,082	\$771,000	\$495,615	16.40		
2018	20,095,999	587,000	388,185	20.61		
2017	19,227,686	1,208,000	345,905	12.37		
2016	17,407,444	1,190,000	268,588	11.93		
2015	14,024,199	1,457,000	324,591	7.87		
2014	13,461,012	1,175,000	348,051	8.84		
2013	12,821,666	1,505,000	395,651	6.75		
2012	12,613,871	1,485,000	449,301	6.52		
2011	12,589,925	1,455,000	504,951	6.42		
2010	12,517,564	1,350,000	564,710	6.54		

Electric Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$38,861,244	\$28,553,802	10,307,442	\$ -	\$ -	N/A
2018	37,850,825	29,082,372	8,768,453	-	-	N/A
2017	37,559,853	32,080,323	5,479,530	-	-	N/A
2016	38,459,911	32,429,067	6,030,844	1,250,000	345,319	3.78
2015	37,093,425	29,186,348	7,907,077	1,200,000	405,319	4.93
2014	37,749,228	28,785,495	8,963,733	1,545,000	588,208	4.20
2013	38,215,546	26,585,169	11,630,377	1,505,000	763,671	5.13
2012	37,868,196	27,374,850	10,493,346	1,360,000	946,684	4.55
2011	36,527,393	28,380,854	8,146,539	1,315,000	1,003,759	3.51
2010	33,372,210	27,194,578	6,177,632	1,255,000	1,057,379	2.67

Water and Sewer Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$12,724,225	\$7,645,759	\$5,078,466	\$641,000	\$132,422	6.57
2018	10,604,268	9,786,436	817,832	627,000	148,613	1.05
2017	10,783,806	8,392,047	2,391,759	610,000	136,681	3.20
2016	10,451,769	6,215,077	4,236,692	600,000	152,102	5.63
2015	9,916,952	5,969,386	3,947,566	169,000	149,697	12.39
2014	9,910,178	5,703,286	4,206,892	557,000	178,361	5.72
2013	10,196,682	5,736,136	4,460,546	440,000	160,730	7.43
2012	10,860,873	5,570,615	5,290,258	361,000	286,834	8.17
2011	10,022,697	6,188,768	5,290,258	350,000	299,000	8.15
2010	8,235,529	7,076,036	3,833,929	340,000	309,788	5.90

Storm Water Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2019	\$2,028,265	\$1,259,925	\$768,340	\$225,000	\$148,592	2.06
2018	1,926,619	1,172,735	753,884	220,000	154,042	2.02
2017	1,636,905	1,070,743	566,162	220,000	77,141	1.91
2016	1,647,997	1,013,897	634,100	215,000	70,992	2.22
2015	1,627,702	1,167,331	460,371	210,000	71,576	1.63
2014	1,890,901	968,255	922,646	210,000	66,391	3.34
2013	1,780,378	672,396	1,107,982	-	-	N/A

References:

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

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



SCHEDULE 16 – DEMOGRAPHIC AND ECONOMIC STATISTICS

Year	Population(1)	Personal Income	Per Capita Personal Income(2)	Unemployment Rate(3)
2019	49,308	2,305,740,696	46,762	2.8%
2018	49,295	2,387,406,145	48,431	3.0%
2017	49,203	2,302,946,415	46,805	3.2%
2016	49,165	2,155,196,940	43,836	3.5%
2015	48,822	2,099,883,042	43,011	3.3%
2014	48,612	2,073,933,756	42,535	3.5%
2013	48,263	1,980,616,994	41,269	4.3%
2012	47,632	1,880,273,200	40,623	5.7%
2011	46,746	1,764,381,024	39,013	7.3%
2010	46,010	1,715,068,760	37,668	6.3%

Sources:

(1) United States Census Bureau

(2) U.S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County/City

(3) Utah Department of Workforce Services for Salt Lake County



SCHEDULE 17 – PRINCIPAL EMPLOYERS
For Years Ended June 30, 2019 and 2010

Employer	Industry Type	2019		2010	
		Rank	Employees	Rank	Employees
Intermountain Medical Center	Health Care Hospital	1	6999*	1	4463
SelectHealth	Health Care- Insurance	2	1999*	4	800
Murray City School District	Public Education	3	1200	3	840
IHC Health Services	Health Care - Hospital	4	999*	9	280
Murray City Corporation	City Government	5	698	2	919
IHC Health Services	Health Care- Medical Lab	6	378	6	347
3M Health Information Systems	Data Processing Services	7	350	5	377
Costco Wholesale Corp	Retailer	8	289	7	311
Smith's Food & Drug Centers, Inc.	Retailer	9	261		
The Cheesecake Factory	Restaurant	10	255		
Nordstrom, Inc.	Retailer		249	8	282
Sorenson Bio Science	Plastic products		195	10	250

Source: Murray City Business Licensing, Murray City School District, and Dept of Workforce Services

*Note: Workforce Services provides a range of employees. In the circumstance that the exact number of employees was not available from Murray City business licensing, the top of the range provided by Workforce Services was used.



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

Function/Program	Full Time Equivalent Employees as of June 30									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
General Government	57	68	64	63	63	62	61	61	60	63
Police										
Officers	83	76	78	76	72	70	74	73	79	77
Civilians	8	9	9	11	12	11	12	10	12	14
Fire										
Firefighters	59	63	62	63	59	55	59	58	60	61
Civilians	2	1	1	1	1	1	1	1	2	2
Highways & Public Improvements	31	28	29	27	28	27	27	28	34	34
Parks & Recreation	37	35	38	35	35	34	33	33	33	33
Library	9	11	12	11	11	12	10	11	9	12
Community & Economic Development	7	6	6	7	7	7	6	6	5	5
Central Garage	4	4	4	4	4	4	4	4	4	4
Power	46	46	45	46	46	46	46	46	52	55
Water	18	17	17	17	17	17	16	16	16	17
Wastewater	7	8	8	7	8	7	8	8	8	9
Golf Course	6	6	7	7	7	7	7	7	8	10
Solid Waste	2	2	2	1	0	0	0	0	0	0
Storm Water	7	8	8	7	8	7	7	7	7	6
Total Full Time Equivalent Employees	383	388	390	378	367	371	369	389	402	395
Seasonal (Part Time) Employees	315	305	332	424	385	426	477	459	514	579
Total Employees	698	693	722	802	752	797	846	848	916	974



SCHEDULE 19 – OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Physical arrests	1,733	2,997	1,897	3,602	1,899	2,175	3,752	2,436	2,484	2,735
Traffic citations	5,383	9,378	7,438	5,242	5,615	8,231	5,508	6,847	8,694	8,057
Fire calls	1,282	1,458	1,381	1,354	1,260	1,156	1,194	1,622	1,231	1,306
Medical calls	4,934	5,339	5,125	4,842	4,313	4,117	4,177	3,515	3,781	3,801
Inspections	1,633	1,249	1,553	1,399	1,149	1,694	1,448	1,673	2,017	1,309
Parks & recreation										
Park center admissions	45,636	42,255	39,164	36,211	33,536	34,839	29,839	35,691	38,451	46,744
Outdoor pool admissions	31,364	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recreation participants	15,200	16,730	17,583	17,604	15,777	13,768	13,089	14,219	14,242	15,402
Heritage Center										
Participants	1,627	1,525	1,478	1,734	1,947	1,993	1,871	1,941	1,894	1,625
Activity Participation	73,045	71,712	73,752	76,841	76,098	76,330	76,607	81,212	84,485	85,570
Library										
Volumes in collection	91,001	69,477	71,133	75,914	78,759	74,971	69,734	77,069	85,100	86,892
Total volumes borrowed	461,920	475,394	499,292	548,060	611,149	611,633	572,997	568,372	524,487	524,179
Visitors	317,717	346,685	371,330	395,481	425,507	357,461	N/A	N/A	N/A	N/A
Water										
Customers Residential	8,929	8,912	8,858	8,761	8,716	8,674	8,644	8,611	8,602	8,593
Customers Commercial	1,527	1,516	1,493	1,389	1,372	1,360	1,353	1,345	1,344	1,339
Annual consumption (in millions of gallons)	3,206	2,834	2,827	2,758	2,583	3,066	3,018	2,841	2,650	2,519
Wastewater										
Customers Residential	8,520	8,450	8,419	8,376	8,334	8,300	8,173	8,147	8,142	8,142
Customers Commercial	1,196	1,187	1,171	1,163	1,150	1,141	1,058	1,047	1,046	1,044
Power										
Customers Residential	15,098	14,819	14,651	14,688	14,573	14,429	14,209	13,619	13,576	13,573
Customers Commercial	3,066	3,247	3,204	3,179	3,193	3,149	3,147	3,125	3,125	3,100
Peak demand (KW)	102,938	102,290	103,053	102,460	107,120	103,478	101,838	98,100	97,490	97,000
Internal generation (MWH)	14,691	9,845	11,457	13,846	17,913	18,096	9,465	19,523	17,546	23,031
Purchased power (MWH)	396,363	410,237	415,474	416,299	410,606	407,148	426,388	419,388	412,943	412,385

N/A Data unavailable



SCHEDULE 20 – CAPITAL ASSETS BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year Ending June 30,									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	43	43	44	43	42	39	40	40	41	41
Public works										
Streets(miles)	150	148	148	147	147	147	147	147	144	144
Streetlights	2,739	2,754	2,711	2,701	2,669	2,670	2,639	2,608	2,584	2,574
Streetlights - LED	76	-	-	-	-	-	-	-	-	-
Parks & recreation										
Acreage	254	254	252	252	252	252	252	252	252	252
Parks	12	11	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)	193	197	199	198	197	197	197	197	192	185
Wastewater										
Sanitary sewers(miles)	133	131	132	129	128	127	127	127	127	127
Power										
Generators	5	5	5	5	5	5	5	5	5	5
Substations	6	6	6	6	6	6	6	6	6	6

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

COMPLIANCE SECTION



For Fiscal Year Ended June 30, 2019



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
ACCOUNTANTS**

E. LYNN HANSEN, CPA
CLARKE R. BRADSHAW, CPA
GARY E. MALMROSE, CPA
EDWIN L. ERICKSON, CPA
MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
DONALD M. JACK, CPA

**INDEPENDENT AUDITOR'S 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 City Council
Murray City Corporation, Utah

We have audited, 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, 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, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 22, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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 over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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 no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBMC, LLC

November 22, 2019



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE***

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

Report On Compliance

We have audited Murray City Corporation's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2019.

State compliance requirements were tested for the year ended June 30, 2019 in the following areas:

Budgetary Compliance
Fund Balance
Justice Courts
Utah Retirement Systems
Restricted Taxes and Related Restricted Revenues
Open and Public Meetings Act
Treasurer's Bond
Impact Fees

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the state compliance requirements referred to above. 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 the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Murray City Corporation complied, in all material respects, with the state compliance requirements referred for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance or other matters, which are required to be reported in accordance with the *State Compliance Audit Guide*.

Report On Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 state compliance requirement 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 state compliance requirement will not be prevented, or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

NBMC, LLC

November 22, 2019