

# CAFR

Fiscal  
Year  
Ending

30

June 2020

## Comprehensive Annual Financial Report

### MURRAY CITY

Photo: Fire Station 81 located at 4848 S. Box Elder St.



[www.murray.utah.gov](http://www.murray.utah.gov)

# **Comprehensive Annual Financial Report**

**For Fiscal Year Ended June 30, 2020**

## **Murray City Finance Department**

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



**MURRAY CITY CORPORATION**



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## **INTRODUCTORY SECTION**



**For Fiscal Year Ended June 30, 2020**





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December 1, 2020

## 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, 2020, is submitted herewith. This report has been prepared by the City's Finance and Administration Department in accordance with generally accepted accounting principles (GAAP), for local governments as prescribed by the Governmental Accounting Standards Board.

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 to the best of our knowledge and belief this financial report is complete and reliable in all material respects.

As required by State law, an annual audit has been completed by HBME, LLC, an independent public accounting firm. 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, 2020, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

The City is required to undergo a federal single audit. Such audits are based on the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Information related to the single audit, including the opinion on the schedule of expenditures of federal awards, the auditors' reports on compliance and internal controls over financial reporting in accordance with Generally Accepted Governmental Auditing Standards (GAGAS), and the auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are available in a separate 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; and 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.

##### *State Economy*

According to the State of Utah's 2020 Economic Report to the Governor, the Utah economy continues to prosper. Like the nation, the state's decade-long economic expansion became the longest on record in 2019. Every major industrial sector expanded over the last year, adding 45,600 new jobs to the economy. The annual employment growth rate of 3.0 percent in 2019 was at the state's long-term average.

Utah's population grew by 53,600 to reach 3.2 million in 2019. About 47 percent of this growth came from net in-migration as people moved to the state to take advantage of economic opportunity.

The consensus forecast predicts increasing uncertainty and moderation. The emergence of COVID-19 in March 2020 resulted in a serious, short-term shock to the State and local economies. Despite a grim outlook provided at the start of the second quarter of the calendar year, positive signs of recovery have emerged. The double-digit loss projections presented in early spring have largely been avoided. As the year comes to an end, Utah's economy has been named the strongest in the nation.

##### *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 sales tax diversification, the City has been able to maintain stability during economic uncertainty.

The City is committed to redevelopment and revitalization efforts. As an example of this commitment, the City has agreed to provide tax increment reimbursement to the Jesse Knight Legacy Center, LLC to help with the environmental cleanup of the Ore Sampling Mill located at 5510 S 300 W.

### *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.

The City has been and will continue to be judicious in the use of debt financing.

### *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, 2019. This was the thirty-ninth 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.

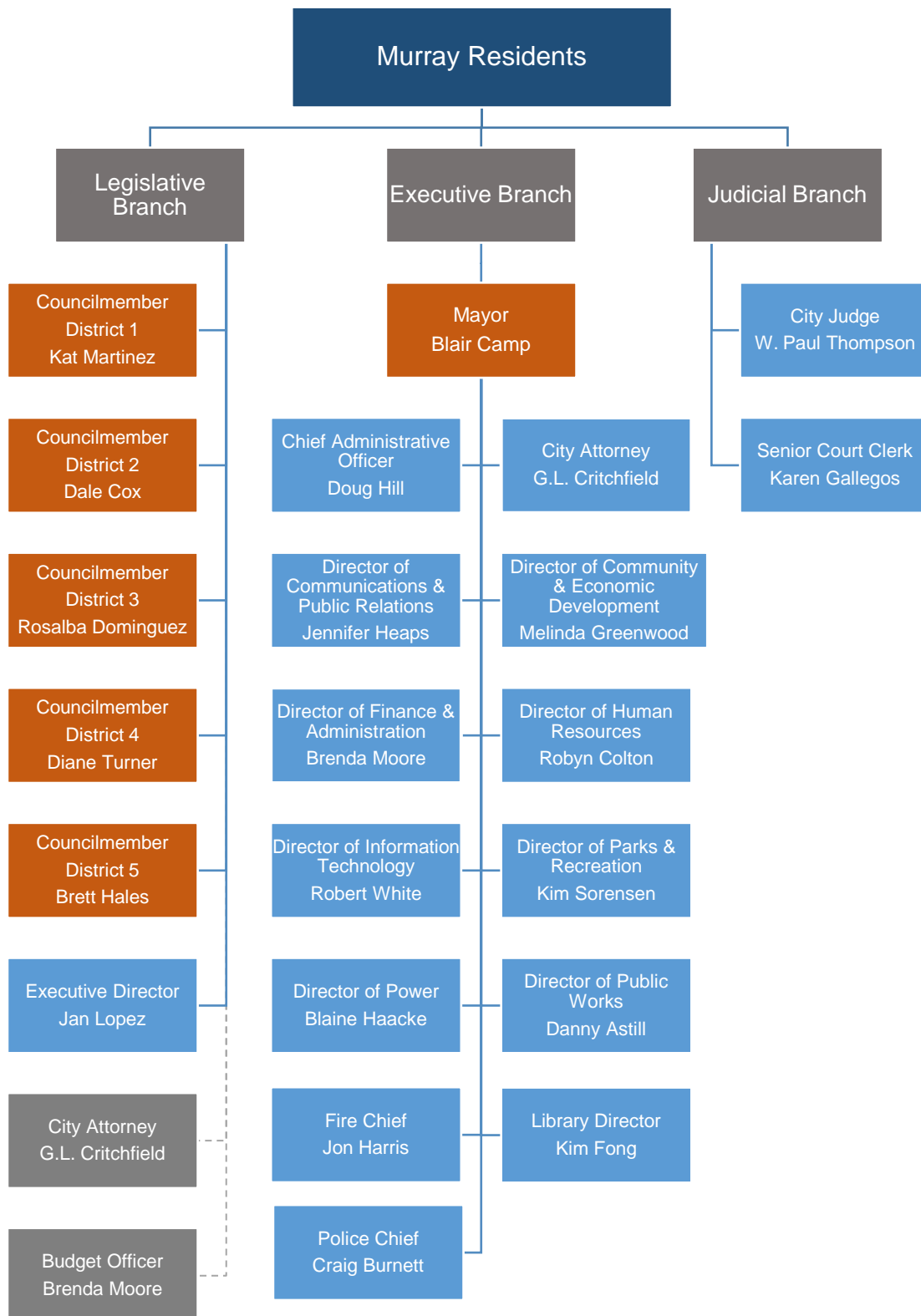
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Brenda Moore".

Brenda Moore, CPA  
Finance & Administration Director



## ORGANIZATIONAL CHART





## ELECTED OFFICIALS AND ADMINISTRATION

### Elected Officials

Mayor ..... Blair Camp  
Councilmember – District 1 ..... Kat Martinez  
Councilmember – District 2 ..... Dale Cox  
Councilmember – District 3 ..... Rosalba Dominguez  
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

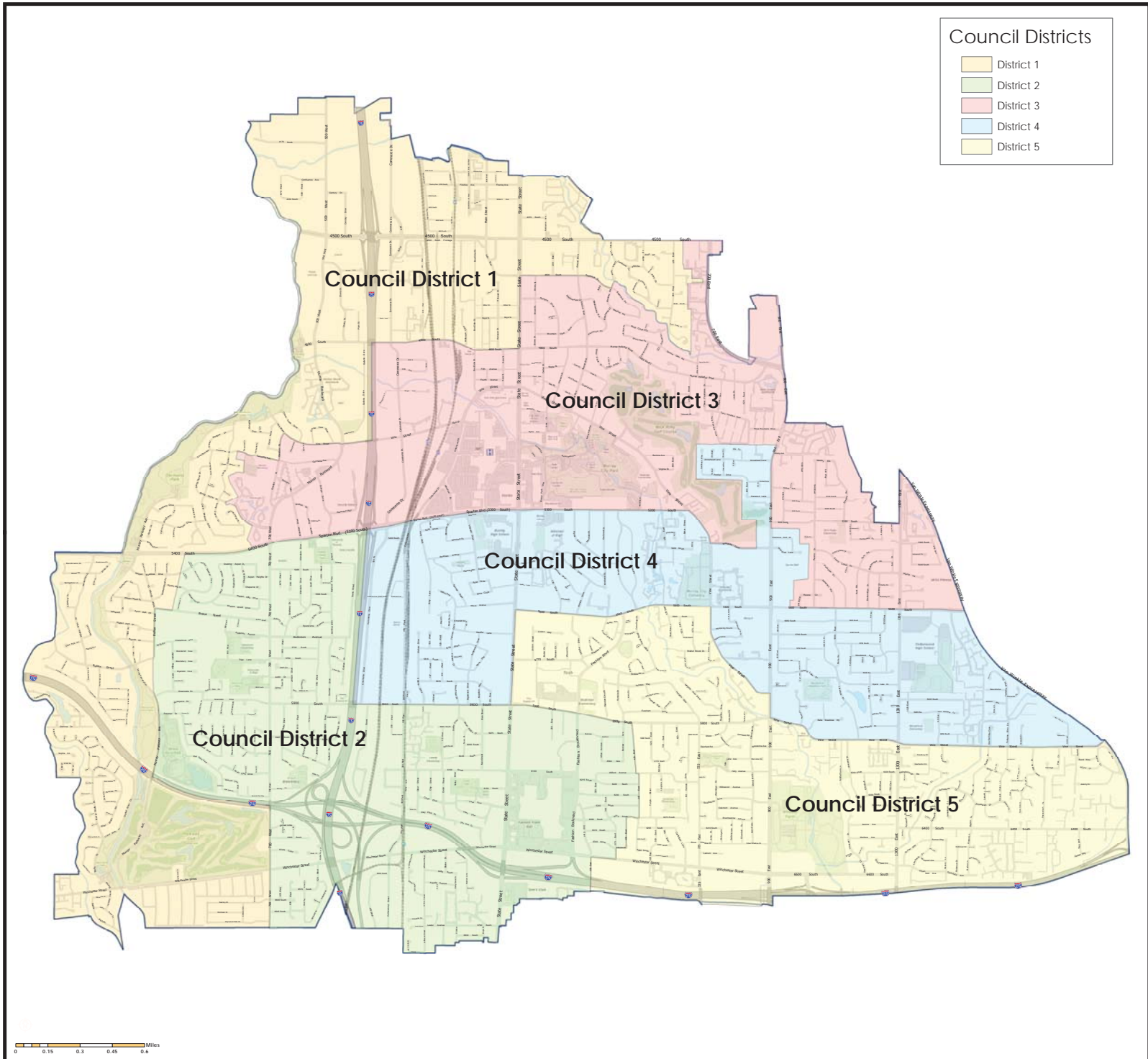
**Murray City Corporation**  
**Utah**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2019

*Christopher P. Morill*

Executive Director/CEO



# Murray City - Council Districts

Murray City  
GIS Division  
4445 South 200 West  
Murray, Utah 84123  
www.murray.utah.gov  
11/20/2019 10:14:14 AM



**MURRAY**

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## **FINANCIAL SECTION**



**For Fiscal Year Ended June 30, 2020**



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  
SHAWN F. MARTIN, 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, 2020, 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, 2020, 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 11-25, 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 27, 2020 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.

***HBMC, LLC***

November 27, 2020



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, 2020. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal.

### **FINANCIAL HIGHLIGHTS**

- In mid-March the Utah governor issued a stay-home-stay-safe order and all but essential businesses were shut down. The order remained in effect until May 1 when some businesses with new safety guidelines in place could open. Despite the shutdown, sales tax collection throughout the state of Utah were higher than the previous year. The City's sales tax receipts finished the year 1% above the previous year. This, together with \$649,000 in Federal CARES grant funding, and careful spending, enabled the General Fund reserves to remain at the 25% of revenue allowed by Utah State law.
- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2020 by \$273,568,178 (net position). Of this amount, \$72,060,396 (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 \$13,863,397. Of this increase, \$8,852,056 (64%) is attributable to governmental activities, and \$5,011,341 (36%) to business-type activities. The increase for governmental activities can be attributed to a combination of several factors – the receipt of \$2.5 million of donated infrastructure, General Fund revenue in excess of expenses of \$5.0 million, the Library fund saving \$.9 million towards a new library, with the remaining amount due to normal activities. The City received \$3,183,703 of donated infrastructure, \$2,572,841 in governmental activities (29% of net position increase) and \$610,862 in business-type activities (12% of the net position increase).
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$33,576,793. This is a decrease of \$1,779,831 from the prior fiscal year. The decrease was expected as the Capital Projects Fund completed the construction of fire station 81, replaced 4 out of 5 pavilions in Murray Park, and continued design & preconstruction work 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 (\$3,990,033). The Library fund balance increased by \$933,015, as they continue saving for a new building. The General Fund fund balance increased by \$439,334, and the Redevelopment Agency fund balance increased by \$787,768.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$11,758,004 or 25 percent of actual General Fund revenues. The General Fund's net change of fund balance was an increase of \$439,334 which was held to maintain the General Fund's reserves to the maximum amount allowed by state law. In the General Fund, any revenues in excess of expenditures are transferred to the Capital Projects Fund to support infrastructure maintenance and improvements.
- Murray City's total long-term liabilities (excluding net pension liability) increased by \$6,328,974 or 23.2%. This is due to the issuance of \$8,054,000 of State water bonds, the proceeds of which were used to replace water lines and wells. The remaining change is 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 the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference 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 of 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, wastewater, power, solid waste, and storm water), telecommunication connections, and the Murray Parkway golf course.

The government-wide financial statements include not only Murray City (the primary government), but also two legally separate component units, the Redevelopment Agency of Murray City and the Municipal Building Authority of Murray City.

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 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 among 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.

- *Nonspendable* 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, 2020, the City's combined governmental fund balance is \$33,576,793. Of that balance, \$52,069 is nonspendable, \$2,141,041 is restricted, \$1,398,966 is committed, \$18,226,713 is assigned, and \$11,758,004 is unassigned.

Additional details regarding governmental fund balances can be found in Note 1 on page 52 and Note 18 on page 89 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



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## **FUND FINANCIAL STATEMENTS (continued)**

### **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, wastewater, 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; 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 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Current and other assets	\$57,751,065	\$56,380,715	\$62,298,956	\$53,874,741	\$120,050,021	\$110,255,456
Capital assets	143,968,170	134,374,528	83,701,580	77,945,032	227,669,750	212,319,560
Total assets	201,719,235	190,755,243	146,000,536	131,819,773	347,719,771	322,575,016
Total deferred outflows of resources	4,122,726	8,230,669	1,379,632	2,658,675	5,502,358	10,889,344
Long-term liabilities	11,831,713	13,473,004	15,801,084	8,966,787	27,632,797	22,439,791
Net pension liability	7,861,522	14,944,103	2,417,004	4,569,416	10,278,526	19,513,519
Other liabilities	10,320,541	7,636,726	10,459,440	8,431,641	20,779,981	16,068,367
Total liabilities	30,013,776	36,053,833	28,677,528	21,967,844	58,691,304	58,021,677
Total deferred inflows of resources	19,495,031	15,450,981	1,467,616	286,921	20,962,647	15,737,902
Net position:						
Net investment in capital assets	131,607,674	121,878,833	67,590,232	69,010,594	199,197,906	190,889,427
Restricted	2,141,041	8,495,681	268,835	1,545,868	2,409,876	10,041,549
Unrestricted	22,584,439	17,106,584	49,375,957	41,667,221	71,960,396	58,773,805
Total net position	\$156,333,154	\$147,481,098	\$117,235,024	\$112,223,683	\$273,568,178	\$259,704,781

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 \$273,568,178 as of June 30, 2020. This is an increase of \$13,863,397 from the previous fiscal year.

As of June 30, 2020, the City was able to report positive balances in all three categories of net position – government-wide, governmental activities, and business-type activities.

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 (72.8%) 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.



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

- *Restricted Net Position* - The decrease in restricted net position is the result of the construction of various capital projects throughout the City.
- *Unrestricted Net Position* - As mentioned in the financial highlights, the City's governmental activities increased their unrestricted net position due to revenues in excess of expenses in both the General Fund and Library Fund. The business-type activities of the City had an increase in unrestricted net position due to Water, Wastewater and Solid Waste fee 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.

The following table summarizes the City's operations:

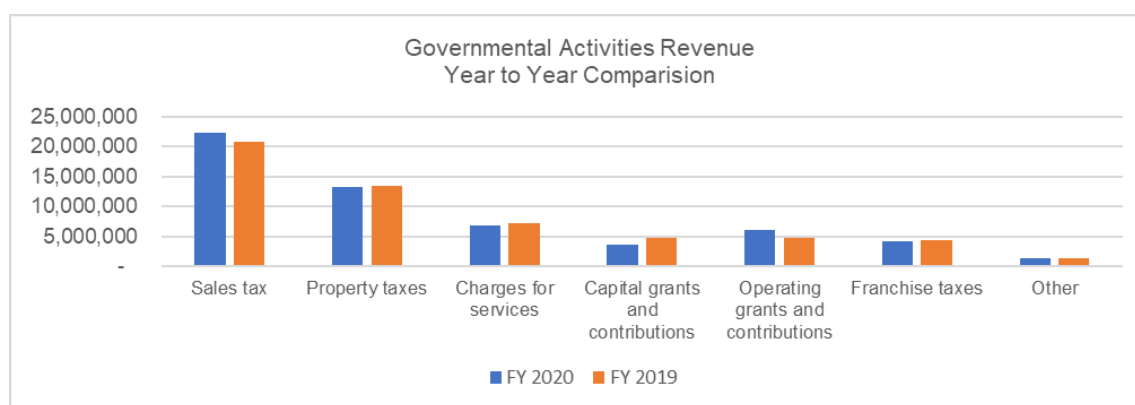
	Governmental Activities		Business-type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 6,766,618	\$ 7,214,262	\$ 54,331,184	\$ 53,767,359	\$ 61,097,802	\$ 60,981,621
Operating grants and contributions	6,018,627	4,726,009	25,552	3,785	6,044,179	4,729,794
Capital grants and contributions	3,615,817	4,779,600	1,794,385	3,308,957	5,410,202	8,088,557
General revenues						
Sales tax	22,326,561	20,769,082	-	-	22,326,561	20,769,082
Property taxes	13,193,852	13,475,218	-	-	13,193,852	13,475,218
Franchise taxes	4,301,199	4,458,730	-	-	4,301,199	4,458,730
Investment income	937,008	1,007,119	1,035,298	1,076,072	1,972,306	2,083,191
Equity Investment income	-	-	1,383,984	1,173,263	1,383,984	1,173,263
Gain on disposal of assets	63,687	68,783	27,519	82,405	91,206	151,188
Miscellaneous	401,860	260,569	-	-	401,860	260,569
Total revenues	57,625,229	56,759,372	58,597,922	59,411,841	116,223,151	116,171,213
<b>Expenses</b>						
General government	10,546,776	11,047,620	-	-	10,546,776	11,047,620
Public safety	23,739,693	23,587,359	-	-	23,739,693	23,587,359
Highways & public improvements	8,797,948	7,993,016	-	-	8,797,948	7,993,016
Parks, recreation, and culture	9,058,013	9,157,805	-	-	9,058,013	9,157,805
Debt service - interest and fiscal charge	335,231	350,220	-	-	335,231	350,220
Water	-	-	5,365,345	4,863,636	5,365,345	4,863,636
Wastewater	-	-	5,282,157	4,463,502	5,282,157	4,463,502
Power	-	-	32,730,186	31,634,863	32,730,186	31,634,863
Murray Parkway	-	-	1,493,359	1,501,430	1,493,359	1,501,430
Telecommunications	-	-	76,854	71,788	76,854	71,788
Solid waste	-	-	1,944,437	1,714,125	1,944,437	1,714,125
Stormwater	-	-	2,989,755	2,709,256	2,989,755	2,709,256
Total expenses	52,477,661	52,136,020	49,882,093	46,958,600	102,359,754	99,094,620
Increase in net position before transfers	5,147,568	4,623,352	8,715,829	12,453,241	13,863,397	17,076,593
Transfers - net	3,704,488	1,373,994	(3,704,488)	(1,373,994)	-	-
Increase in net position	8,852,056	5,997,346	5,011,341	11,079,247	13,863,397	17,076,593
Net position at beginning of year	147,481,098	141,483,752	112,223,683	101,144,436	259,704,781	242,628,188
Net position at end of year	\$ 156,333,154	\$ 147,481,098	\$ 117,235,024	\$ 112,223,683	\$ 273,568,178	\$ 259,704,781



## **GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

*Governmental Activities* – Governmental activities increased the City's net position by \$8,852,056 which is approximately \$2,854,710 more than the prior year. Key elements affecting this increase in governmental activities net position are as follows:

- Total governmental activities revenue increased by \$865,857 from the prior year. Of that amount, \$1.5 million is the result of a new transportation sales tax. Charges for services decreased (\$447,644) due to all city recreation services being closed from mid-March through June due to the Coronavirus pandemic. Personal property tax collections and motor vehicle tax collections decreased a combined (\$449,250).



- Expenses for governmental activities grew by only \$.3 million. Personnel costs increased by \$.8 due to insurance cost increases and use of a step plan designed to attract and retain employees. The cost of operations decreased (\$.5) million mostly due to a decrease in activities caused by the coronavirus pandemic.

*Business-type Activities* – Business-type activities increased the City's net position by \$5,011,341. 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 FY2020 of \$1,227,330.
- Total business-type activities revenue increased from the prior year due to rate increases in the Water fund, Wastewater fund and Solid Waste fund. It was also an exceptionally dry and hot May and June; therefore, more water was used by customers. Business-type activities also received \$610,862 in donated assets from developers.
- Total business-type activities expense increased by approximately \$2.9 million from the prior year. Personnel costs increased \$.9 million due to insurance cost increases and use of a step plan designed to attract and retain employees. Operations increased \$2.0 million dollars; \$1.0 million was due to Hydro and Turbine maintenance in the Power Fund along with an increase in purchased power, \$.6 million was due to increasing costs due to the CVWRF rebuild, and the remaining \$0.4 million was due to normal increases in costs of operations and maintenance.



## **FUND 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, 2020, the City's governmental funds reported combined fund balances of \$33,576,793. This represents a decrease of \$1,779,831 from prior year's ending balances. Construction was completed on a new fire station which among other projects decreased the Capital Projects Fund by \$3,990,033.

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

- *Unassigned* - \$11,758,003, or 35.02%
- *Assigned* - \$18,226,713, or 54.28%
- *Committed* - \$1,398,966, or 4.17%
- *Restricted* - \$2,141,042, or 6.38%
- *Non spendable* - \$52,069, or .15%

### **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 (not including other financing sources and uses) in the general fund by \$5,070,528. Other financing sources and uses includes transfers from Water, Wastewater, Power, and Solid Waste enterprise funds of \$3.9 million and the RDA of \$279,000. A transfer of \$8,817,454 to the capital projects fund was completed during the fiscal year. This transfer was made up of \$3.6 million of local option sales tax, \$1.5 million of sales tax dedicated to transportation projects and \$3.7 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.

In FY 2019, the state legislature authorized a new sales tax dedicated to transportation and its associated infrastructure and maintenance. FY 2020 is the first complete year the City received this new revenue source (\$1.5 million). 100% of this new transportation sales tax is transferred to the Capital Projects Fund for current year road projects.



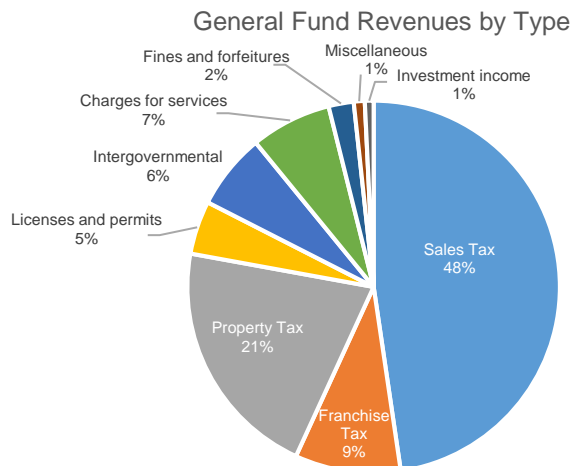
## **FUND ANALYSIS (continued)**

### **A. Governmental Funds (continued)**

#### **General Fund (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 77.9% of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 61.21% of total tax revenues and 47.67% of total General Fund revenues. This compares with 45.5% of total General Fund revenues in the prior fiscal year. The percentage of sales tax to all General Fund revenues increased in fiscal year 2020 due to the new transportation sales tax. Property tax collections decreased \$335,112 or 3.3%. The decrease is due to a \$231,044 decrease in personal property tax collections and \$119,070 in motor vehicle collections. Property tax is 21% of total General Fund revenues, down from 22.3% in fiscal 2019.



Intergovernmental revenue increased as federal funds were authorized to assist municipalities in their response to the COVID-19 pandemic. This fiscal year, the General fund reported \$649,439 in this type of funding.

General Fund expenditures increased \$237,454 during fiscal year 2020 to \$41,768,263 from \$41,530,809 in 2019. Personnel costs increased \$789,104 (3%). Due to the closing of all City recreational facilities and programs because of the COVID-19 pandemic, the expense for part-time employees decreased \$237,372. The personnel costs for full-time City employees increased \$1,026,476 as a result of an employee COLA, the continued use of a step plan, and the increased cost of insurance. Operational expenses decreased \$682,931 (8%). The decrease was the result of reduced spending due to the pandemic and the Mayor requesting all City departments to only spend what was absolutely necessary to provide City services. Debt service and a capital outlay increases of \$131,281 are the remaining amount of the increase.



## **FUND ANALYSIS (continued)**

### **A. Governmental Funds (Continued)**

#### **Capital Projects Fund**

The Capital Projects Fund had a fund balance at the end of the year in the amount of \$14,023,197, which was below the fund balance of the previous year. The Capital Projects Fund received a transfer of \$8.8 million dollars from the General Fund, \$1.5 million of which is dedicated to current year transportation related projects, with the remaining \$7.3 million intended to support future infrastructure and capital asset acquisition costs.

Expenditures increased from \$10.5 million in FY 2019 to \$13.2 million in FY 2020. The major projects completed this year are the construction of fire station 81, replacement of 4 pavilions in Murray Park, various road maintenance and replacement projects, along with continuing design and preconstruction costs for a new city hall. The City has \$30.3 million of current outstanding construction commitments, \$29.6 million is for the new city hall.

#### **Redevelopment Agency Fund**

During fiscal year 2020, property tax collections from redevelopment areas increased 28% to a total of \$3,667,147 from \$2,861,642 in FY 2019. This increase is due to increases in the other participating entities property tax rates and an increase in property values within the RDA areas. The City continues working on a large redevelopment project in the downtown area. Fire station 81 has moved to its new location, and the last piece of property for the city hall site is under contract. The RDA fund balance increased \$787,768 to a total of \$3,595,605. \$1.7 million of the tax increment is restricted fund balance, set aside for housing.

Expenditures in the RDA fund increased in FY 2020 due to two property acquisitions and an increase of private reimbursements. Expenditures increased from \$1,934,207 in FY 2019 to \$2,657,304 in FY 2020.

#### **Library Fund**

The Library fund balance increased by \$933,015; down from an increase of \$1,011,562 in FY2019, to a total of \$2,666,980. Revenues decreased \$71,782, mostly due to a decrease in personal and motor vehicle property tax collections, which was partially offset by an increase in investment income and a grant received to help offset the effects of the COVID-19 pandemic. Part-time employee costs decreased slightly due to the Library being closed mid-March through June, caused by the COVID-19 pandemic.

#### **Cemetery Fund**

The Cemetery Fund did not have any significant changes in either revenue or expenditures in FY 2020. The restricted and unrestricted fund balance increased by \$50,085, due to investment income, to a total of \$1,398,966. These reserves are intended to support the perpetual care of the cemetery.



## **FUND ANALYSIS (continued)**

### **B. Proprietary Funds**

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

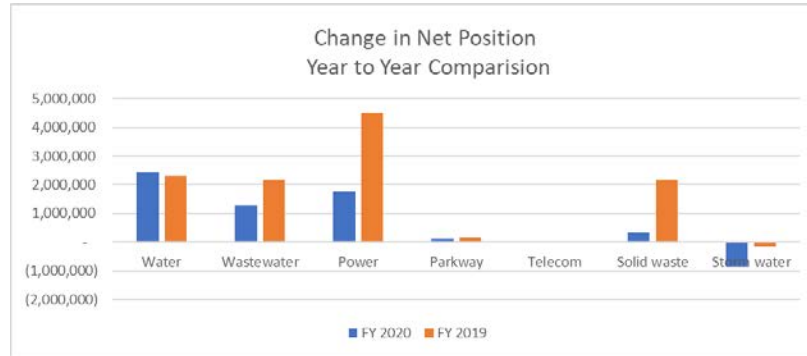
- The Water Fund's restricted and unrestricted net position increased this fiscal year by \$3,042,012 to a total of \$5,323,280, which is approximately 73% of current annual operating revenues. Due to a rate increase and an unusually hot and dry 4<sup>th</sup> quarter, revenue increased 20.5% from the previous year. Operating expenses increased by 7.5% for the year, which was attributed to the transfer of three meter reader employees from the General Fund to the Water Fund. There were also both wage and insurance cost increases. The City has several large infrastructure rehabilitation projects which commenced this year that were funded by both reserves and a low-interest loan from the State Division of Water Resources.
- The Wastewater Fund's restricted and unrestricted net position decreased by \$686,534 this fiscal year to a total of \$11,280,493. \$9,478,832 of the unrestricted net position is an investment in the Central Valley Water Reclamation Facility (CVWRF). The remaining \$1,801,661 is 35.4% of the fund's current annual operating revenues.
- The Power Fund's restricted and unrestricted net position increased by \$4,202,937 this fiscal year to a total of \$30,542,546, which is approximately 84% of current annual operating revenues. The Power Funds operating revenue decreased (4.2%) while the operating expenses increased by 3.5%. The Power Fund revenue fluctuations are based almost entirely on weather. Reserves are intended to support the maintenance of this high-cost infrastructure system.
- The Storm Water Fund's revenues remained the same compared to the previous year; however, it continued to record a decrease in net position. The Storm Water Fund just passed a 5-year rate increase schedule beginning on July 1, 2020. These rate increases should stabilize the net position and begin the process of saving for future infrastructure projects. The total of the Storm Water Fund's restricted and unrestricted net position is \$339,706.
- The Parkway Fund (golf course) required transfers from both the General Fund (\$60,000) and Capital Projects Fund (\$105,000) in order to subsidize operations and capital for the fiscal year. The transfer from the Capital Projects Fund provided for the replacement of pro shop and café carpet along with grounds keeping vehicle replacements, while the transfer from the General Fund provided for operations. Revenue increased \$171,665 over the previous year due to weather conditions and remaining open from mid-March to June while other courses in the area closed. The City's FY 2021 budget includes subsidization of this fund by the General Fund. The Parkway Fund's unrestricted net position is (\$743,067) 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 \$310,140 to a total of \$2,786,493. The unrestricted net position includes \$2,362,230 in investment in Trans-Jordan Cities, which was transferred to the Solid Waste fund in FY2019. The remaining \$424,263 is 18.6% of annual revenue and charges for services increased \$490,853 over the prior year due to a rate. The City is continuing to monitor this fund as changes in the recycling market can dramatically increase the cost of material processing.





## **FUND ANALYSIS (continued)**

### **B. Proprietary Funds (continued)**



## **GENERAL FUND BUDGETARY HIGHLIGHTS**

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$49,983,723 to a final budget total of \$54,620,953 (9% 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
  - \$50,000 for building inspection professional services.
  - (\$3,781) for wages and insurance changes due to open enrollment
  - \$3,682,518 additional transfer to the Capital Projects Fund
  - \$4,500 for janitorial expense from public safety.
- B. Public safety
  - \$361,572 for grant-funded programs and services
  - \$61,641 for Wildland Firefighting
  - (\$4,500) for janitorial expense to Facilities.
- C. Highways and public improvements
  - \$428,949 for Class C road projects
- D. Parks, recreation, and culture
  - \$3,781 for insurance changes due to open enrollment.
  - \$30,050 for support of arts and recreation programs
  - \$22,500 for reforestation grant supplies.

General fund budgeted revenues were amended from \$49,983,723 to \$50,578,903 (1.2% difference). Revenue budget adjustments made during the year can be summarized as follows.

- E. Building Permits
  - \$50,000 to revise the budget to actual receipts at year-end.
- F. Intergovernmental Revenue
  - \$538,169 was budgeted for additional grants received during the year.



## **GENERAL FUND BUDGETARY HIGHLIGHTS (continued)**

### **G. Miscellaneous**

- \$7,011 from victims' advocate fund raising and federal forfeiture asset sharing.

During the year, actual revenues were greater than budgeted revenues by \$506,148. Fines and forfeitures, along with charges for services, were less than budget by \$351,896. Due to the COVID-19 pandemic, recreational facilities, recreation programs, and the municipal justice court were either closed or cancelled. The City allocated \$649,439 of Federal CARES fund revenue received in July of 2020 to FY2020 to offset costs incurred due to the pandemic. Actual expenditures were less than budgeted expenditures by \$3,975,236. The savings by function were general government (22%), public safety (40%), highways & public improvements (21%) and parks & recreation (17%). The savings were due to careful spending by all areas of the government, especially after the COVID-19 pandemic hit in mid-March, and it was unknown how it would affect City revenues and expenses, along with citizen needs.

## **CAPITAL ASSETS**

Murray City's net investment in capital assets for its governmental and business-type activities as of June 30, 2020, amounts to \$227,669,750. This investment in capital assets includes land, buildings, infrastructure, equipment, intangibles, and construction in progress. Infrastructure is defined as roads, utility systems, recreation systems, parks support systems, and so forth. The total increase in Fixed assets from the previous year's balance of the City's investment in capital assets was \$15,350,190 (7.23%).

	Governmental Activities		Business-type Activities		Total	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Land	\$ 26,222,008	\$ 25,505,908	\$ 6,974,069	\$ 6,974,069	\$ 33,196,077	\$ 32,479,977
Road Land - right of ways	46,816,955	44,944,340	-	-	46,816,955	44,944,340
Construction in progress	11,885,573	5,743,358	10,705,076	5,103,577	22,590,649	10,846,935
Buildings	37,408,234	37,829,544	6,218,221	6,218,221	43,626,455	44,047,765
Infrastructure	96,034,331	91,990,344	177,628,999	172,551,307	273,663,330	264,541,651
Equipment	18,160,480	17,424,814	22,365,581	21,348,134	40,526,061	38,772,948
Intangibles	-	-	3,759,027	3,759,027	3,759,027	3,759,027
Accumulated depreciation	(92,559,411)	(89,063,780)	(143,949,393)	(138,009,303)	(236,508,804)	(227,073,083)
Total Capital Assets	\$ 143,968,170	\$ 134,374,528	\$ 83,701,580	\$ 77,945,032	\$ 227,669,750	\$ 212,319,560

During the year, the City spent \$15,350,190 on assets.

Major capital asset events during the fiscal year 2020 include:

- Construction in progress increased \$11,743,714 due to the commencement of multiple water, stormwater, streets, and wastewater infrastructure projects. Most of these projects will be completed in fiscal year 2021.
- Completion of fire station 81 for \$7,321,552.
- Purchase of a fire pumper truck \$676,558, streets paint truck \$276,232, streets tack truck \$181,712, power aerial truck \$186,900, storm water vacuum sweeper \$291,575 and a sewer cleaning vacuum truck \$415,346.
- Murray park replacement of pavilions 1-4 for \$1,094,039.



### **CAPITAL ASSETS (continued)**

- The acceptance of \$3,183,703 in developer-contributed assets including \$2,572,841 in donated roads and land under the roads, \$292,993 in donated water lines, \$163,047 in donated sewer lines, \$134,822 in donated storm drain infrastructure, and \$20,000 in donated streetlights.

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

### **LONG TERM DEBT**

As of June 30, 2020, the City had total long-term bonded outstanding debt of \$28,583,954. 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 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Revenue Bonds	\$ 12,360,496	\$ 13,285,695	\$ 16,223,458	\$ 9,076,444	\$ 28,583,954	\$ 22,362,139

The City's total bonded debt outstanding increased by \$6,221,815 during the fiscal year (27.8%). This increase is due to the issuance of \$8,054,000 of water revenue bonds issued by the state of Utah at 1% interest for water projects and the normally scheduled debt principal payments of (\$1,832,185).

The most recent bond ratings issued for Murray is AA+ from Fitch Ratings, AA from Standard & Poor's and Aa3 by Moody'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 \$307,913,598, 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 \$615,827,195, which again significantly exceeds the outstanding city-wide debt. The City has no general obligation 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 2020 was 6.4% as compared to 2.9% of the previous year. The national unemployment rate was 11.4% as of June 2019 as compared to 3.7% of the previous year.
- According to the U.S. Bureau of Labor Statistics, in October 2020 the consumer price index (CPI) in the western region was up 1.8% from a year ago, while the CPI for the nation rose 1.4% for that same period.
- Statewide sales tax revenue increased by 6.87% in FY2020 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. Due to the unknowns associated with the COVID-19 pandemic, FY2021 General Fund budgeted revenues decreased \$5.0 million (11%) and budgeted expenditures decreased \$2.1 million (4%). \$2.9 million of reserves were budgeted to be used in FY2021.
- Based on the information available at the time from the Utah State Governor's Office of Economic Development and the Utah League of Cities and Towns, all sales tax related revenue budgets were cut 15%. However, actual sales tax revenue for Murray City has withstood the effects of the pandemic. Sales tax collected by online retailers at point of delivery, recreational and vehicle sales along with grocery and general merchandise sales, showed no decrease in sales tax received by Murray City compared to FY2020. The budget is going to be reviewed in January and may be adjusted.
- 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](mailto:bmoore@murray.utah.gov)



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## **BASIC FINANCIAL STATEMENTS**



**For Fiscal Year Ended June 30, 2020**

## **Government-Wide Financial Statements**





## STATEMENT OF NET POSITION

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 22,810,406	\$ 24,947,314	\$ 47,757,720
Investments	11,557,283	8,241,781	19,799,064
Accounts receivable (net of allowance)	15,245,873	8,067,798	23,313,671
Notes receivable	-	24,949	24,949
Due from other governments	5,136,111	25,552	5,161,663
Inventory	64,989	2,634,831	2,699,820
Prepaid items	34,751	-	34,751
Total current assets	54,849,413	43,942,225	98,791,638
Noncurrent assets			
Restricted cash	1,528,487	6,385,346	7,913,833
Notes receivable	-	130,323	130,323
Investments in joint ventures	-	11,841,062	11,841,062
Net pension asset	1,373,165	-	1,373,165
Capital assets			
Land	26,222,008	6,974,069	33,196,077
Road land - right of ways	46,816,955	-	46,816,955
Construction in progress	11,885,573	10,705,076	22,590,649
Buildings	37,408,234	6,218,221	43,626,455
Infrastructure	96,034,331	177,628,999	273,663,330
Equipment	18,160,480	22,365,581	40,526,061
Intangibles	-	3,759,027	3,759,027
Accumulated depreciation and amortization	(92,559,411)	(143,949,393)	(236,508,804)
Total noncurrent assets	146,869,822	102,058,311	248,928,133
Total assets	201,719,235	146,000,536	347,719,771
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred loss on bond refunding	-	112,110	112,110
Deferred outflows related to pensions	4,122,726	1,267,522	5,390,248
Total deferred outflows of resources	4,122,726	1,379,632	5,502,358
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	2,870,150	5,583,803	8,453,953
Accrued liabilities	1,777,817	917,660	2,695,477
Accrued interest payable	58,458	174,293	232,751
Customer deposits	1,409,531	1,726,835	3,136,366
Compensated absences	3,389,585	1,114,900	4,504,485
Notes payable	-	24,949	24,949
Bonds and leases payable	815,000	917,000	1,732,000
Total current liabilities	10,320,541	10,459,440	20,779,981
Noncurrent liabilities			
Compensated absences	286,217	364,303	650,520
Net pension liability	7,861,522	2,417,004	10,278,526
Notes payable	-	130,323	130,323
Bonds and leases payable	11,545,496	15,306,458	26,851,954
Total noncurrent liabilities	19,693,235	18,218,088	37,911,323
Total liabilities	30,013,776	28,677,528	58,691,304
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	4,773,550	1,467,616	6,241,166
Deferred property taxes	14,721,481	-	14,721,481
Total deferred inflows of resources	19,495,031	1,467,616	20,962,647
<b>NET POSITION</b>			
Net investment in capital assets	131,607,674	67,590,232	199,197,906
Restricted			
Capital	2,020,062	92,492	2,112,554
Debt service	1,638	176,343	177,981
Other purposes	119,341	-	119,341
Unrestricted	22,584,439	49,375,957	71,960,396
Total net position	\$ 156,333,154	\$ 117,235,024	\$ 273,568,178

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
<b>Primary government:</b>							
<b>Governmental activities</b>							
General government	\$ 10,546,776	\$ 3,360,680	\$ 2,310,682	\$ 566,411	\$ (4,309,003)		\$ (4,309,003)
Public safety	23,739,693	2,018,880	2,272,526	-	(19,448,287)		(19,448,287)
Highways and public improvements	8,797,948	-	1,285,978	3,049,406	(4,462,564)		(4,462,564)
Parks, recreation, and culture	9,058,013	1,387,058	149,441	-	(7,521,514)		(7,521,514)
Debt service - interest and fiscal charges	335,231	-	-	-	(335,231)		(335,231)
<b>Total governmental activities</b>	<b>52,477,661</b>	<b>6,766,618</b>	<b>6,018,627</b>	<b>3,615,817</b>	<b>(36,076,599)</b>		<b>(36,076,599)</b>
<b>Business-type activities</b>							
Water	5,365,345	7,285,548	1,487	833,351		\$ 2,755,041	2,755,041
Wastewater	5,282,157	5,092,125	7,553	569,545		387,066	387,066
Power	32,730,186	36,257,908	16,308	229,288		3,773,318	3,773,318
Murray Parkway	1,493,359	1,425,724	145	-		(67,490)	(67,490)
Telecom	76,854	68,913	-	-		(7,941)	(7,941)
Solid Waste	1,944,437	2,286,123	-	-		341,686	341,686
Storm Water	2,989,755	1,914,843	59	162,201		(912,652)	(912,652)
<b>Total business-type activities</b>	<b>49,882,093</b>	<b>54,331,184</b>	<b>25,552</b>	<b>1,794,385</b>		<b>6,269,028</b>	<b>6,269,028</b>
<b>Total primary government</b>	<b>\$ 102,359,754</b>	<b>\$ 61,097,802</b>	<b>\$ 6,044,179</b>	<b>\$ 5,410,202</b>	<b>(36,076,599)</b>	<b>6,269,028</b>	<b>(29,807,571)</b>
<b>General Revenues:</b>							
Taxes							
Sales					22,326,561	-	22,326,561
Property					13,193,852	-	13,193,852
Franchise					4,301,199	-	4,301,199
Investment income					937,008	1,035,298	1,972,306
Equity investment income					-	1,383,984	1,383,984
Gain on sale and disposal of assets					63,687	27,519	91,206
Miscellaneous					401,860	-	401,860
Transfers - net					3,704,488	(3,704,488)	-
<b>Total general revenue</b>					<b>44,928,655</b>	<b>(1,257,687)</b>	<b>43,670,968</b>
<b>Change in net position</b>					<b>8,852,056</b>	<b>5,011,341</b>	<b>13,863,397</b>
<b>Net position - beginning</b>					<b>147,481,098</b>	<b>112,223,683</b>	<b>259,704,781</b>
<b>Net position - ending</b>					<b>\$ 156,333,154</b>	<b>\$ 117,235,024</b>	<b>\$ 273,568,178</b>

The accompanying notes are an integral part of this statement.



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## GOVERNMENTAL FUND FINANCIAL STATEMENTS

### General Fund

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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

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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

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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

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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
<b>ASSETS</b>				
Cash and cash equivalents	\$ 3,765,980	\$ 12,567,175	\$ 2,551,897	\$ 2,150,180
Investments	5,300,066	2,954,050	1,047,950	513,870
Accounts receivable (net of allowance)				
Property taxes	9,408,233	-	3,006,411	2,445,347
Other	379,048	-	2,486	2,781
Due from other governments	5,100,261	84	-	21,696
Prepaid items	13,228	-	-	21,523
Restricted cash	1,410,003	100,000	1,166	17,318
Total assets	<u>\$ 25,376,819</u>	<u>\$ 15,621,309</u>	<u>\$ 6,609,910</u>	<u>\$ 5,172,715</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,178,374	\$ 1,598,112	\$ 6,894	\$ 42,594
Accrued liabilities	1,445,357	-	-	46,357
Deposits	1,408,531	-	1,000	-
Total liabilities	<u>4,032,262</u>	<u>1,598,112</u>	<u>7,894</u>	<u>88,951</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred ambulance billing	154,226	-	-	-
Deferred property taxes	9,298,286	-	3,006,411	2,416,784
Total deferred Inflows of resources	<u>9,452,512</u>	<u>-</u>	<u>3,006,411</u>	<u>2,416,784</u>
<b>FUND BALANCE</b>				
Nonspendable	13,228	-	-	38,841
Restricted	120,813	264,398	1,755,830	-
Committed	-	-	-	-
Assigned	-	13,758,799	1,839,775	2,628,139
Unassigned	11,758,004	-	-	-
Total fund balances	<u>11,892,045</u>	<u>14,023,197</u>	<u>3,595,605</u>	<u>2,666,980</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 25,376,819</u>	<u>\$ 15,621,309</u>	<u>\$ 6,609,910</u>	<u>\$ 5,172,715</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
<b>ASSETS</b>		
Cash and cash equivalents	\$ 345,935	\$ 21,381,167
Investments	1,053,031	10,868,967
Accounts receivable (net of allowance)		
Property taxes	-	14,859,991
Other	-	384,315
Due from other governments	-	5,122,041
Prepaid items	-	34,751
Restricted cash	-	1,528,487
Total assets	<u>\$ 1,398,966</u>	<u>\$ 54,179,719</u>
<b>LIABILITIES</b>		
Accounts payable	\$ -	\$ 2,825,974
Accrued liabilities	-	1,491,714
Deposits	-	1,409,531
Total liabilities	<u>-</u>	<u>5,727,219</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred ambulance billing	-	154,226
Deferred property taxes	-	14,721,481
Total deferred Inflows of resources	<u>-</u>	<u>14,875,707</u>
<b>FUND BALANCE</b>		
Nonspendable	-	52,069
Restricted	-	2,141,041
Committed	1,398,966	1,398,966
Assigned	-	18,226,713
Unassigned	-	11,758,004
Total fund balances	<u>1,398,966</u>	<u>33,576,793</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,398,966</u>	<u>\$ 54,179,719</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	\$ 33,576,793
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	143,968,170
The net pension asset is not an available resource and, therefore, is not reported in the funds.	1,373,165
Accrued interest on long-term debt is not due and payable in the current period and, therefore, is not recorded in the funds.	(58,458)
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.	(23,673,871)
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.	(637,654)
Deferred inflows of resources associated with the General Fund's ambulance billings are removed in the Statement of Net Position.	154,226
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>1,630,783</u>
Net position of governmental activities	<u><u>\$ 156,333,154</u></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
<b>REVENUES</b>				
Sales tax	\$ 22,326,561	\$ -	\$ -	\$ -
Property taxes	9,844,622	-	790,054	2,559,176
Franchise taxes	4,301,199	-	-	-
Licenses and permits	2,170,743	-	-	-
Intergovernmental	3,086,270	84	2,877,093	35,941
Charges for services	3,285,686	-	-	-
Fines and forfeitures	1,021,418	-	-	22,452
Miscellaneous	445,759	2,544	16,193	15,879
Investment income	356,533	341,204	83,232	60,222
Total revenues	<u>46,838,791</u>	<u>343,832</u>	<u>3,766,572</u>	<u>2,693,670</u>
<b>EXPENDITURES</b>				
General government	7,042,731	2,180,797	-	-
Public safety	21,783,816	5,923,254	-	-
Highways and public improvements	4,419,622	3,196,968	2,089,754	-
Parks, recreation, and culture	6,005,255	1,901,777	-	1,760,655
Debt service:				
Principal	485,000	-	305,000	-
Interest and fiscal charges	212,846	-	262,550	-
Pledge payment - UTOPIA debt service	1,818,993	-	-	-
Total expenditures	<u>41,768,263</u>	<u>13,202,796</u>	<u>2,657,304</u>	<u>1,760,655</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,070,528</u>	<u>(12,858,964)</u>	<u>1,109,268</u>	<u>933,015</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	-	156,477	-	-
Transfers in	4,246,260	8,817,454	-	-
Transfers out	(8,877,454)	(105,000)	(321,500)	-
Total other financing sources (uses)	<u>(4,631,194)</u>	<u>8,868,931</u>	<u>(321,500)</u>	<u>-</u>
Net change of fund balance	439,334	(3,990,033)	787,768	933,015
Fund balance at beginning of year	11,452,711	18,013,230	2,807,837	1,733,965
Fund balance at end of year	<u>\$ 11,892,045</u>	<u>\$ 14,023,197</u>	<u>\$ 3,595,605</u>	<u>\$ 2,666,980</u>

The accompanying notes are an integral part of this statement.





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

(Page 2 of 2)

	(Nonmajor) Cemetery Fund	Total Governmental Funds
<b>REVENUES</b>		
Sales tax	\$ -	\$ 22,326,561
Property taxes	-	13,193,852
Franchise taxes	-	4,301,199
Licenses and permits	-	2,170,743
Intergovernmental	-	5,999,388
Charges for services	5,950	3,291,636
Fines and forfeitures	-	1,043,870
Miscellaneous	-	480,375
Investment income	44,135	885,326
Total revenues	50,085	53,692,950
<b>EXPENDITURES</b>		
General government	-	9,223,528
Public safety	-	27,707,070
Highways and public improvements	-	9,706,344
Parks, recreation, and culture	-	9,667,687
Debt service:		
Principal	-	790,000
Interest and fiscal charges	-	475,396
Pledge payment - UTOPIA debt service	-	1,818,993
Total expenditures	-	59,389,018
Excess (deficiency) of revenues over (under) expenditures	50,085	(5,696,068)
<b>OTHER FINANCING SOURCES (USES)</b>		
Sale of capital assets	-	156,477
Transfers in	-	13,063,714
Transfers out	-	(9,303,954)
Total other financing sources (uses)	-	3,916,237
Net change of fund balance	50,085	(1,779,831)
Fund balance at beginning of year	1,348,881	35,356,624
Fund balance at end of year	\$ 1,398,966	\$ 33,576,793

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	\$ (1,779,831)
--	----------------

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.	9,630,067
--	-----------

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.	(82,922)
--	----------

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.	930,165
--	---------

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.	390,380
---	---------

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.	(235,803)
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Change in net position of governmental activities	<u>\$ 8,852,056</u>
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The accompanying notes are an integral part of this statement.



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## PROPRIETARY FUND FINANCIAL STATEMENTS

### Water Fund

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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
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 450,825	\$ 418,939	\$ 22,367,356	\$ 533,267
Investments	2,142,175	1,059,331	4,987,987	-
Accounts receivable (net of allowance)	1,471,222	683,066	5,402,754	240,348
Notes receivable	-	-	-	-
Interfund receivable	91,957	-	964,772	-
Due from other governments	1,487	7,553	16,308	59
Inventory	-	-	2,576,546	-
Total current assets	4,157,666	2,168,889	36,315,723	773,674
Noncurrent assets				
Restricted cash	4,415,664	268,392	1,699,391	399
Notes receivable	-	-	-	-
Investments in joint ventures	-	9,478,832	-	-
Capital assets				
Land	2,155,313	455,921	1,691,650	2,344,849
Construction in progress	10,064,344	21,414	607,348	11,970
Buildings	933,325	949,132	3,462,645	-
Infrastructure	36,304,681	17,124,901	76,945,893	41,106,155
Equipment	3,620,451	1,872,607	13,955,131	1,460,863
Intangibles	-	-	3,759,027	-
Accumulated depreciation and amortization	(21,024,726)	(9,337,242)	(76,097,269)	(31,448,046)
Total noncurrent assets	36,469,052	20,833,957	26,023,816	13,476,190
Total assets	40,626,718	23,002,846	62,339,539	14,249,864
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred bond refunding loss	70,171	41,939	-	-
Deferred outflows related to pensions	215,276	99,926	761,290	87,744
Total deferred outflows of resources	285,447	141,865	761,290	87,744
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	2,311,610	221,130	2,803,496	73,901
Accrued liabilities	99,000	41,295	556,564	39,325
Interfund payable	-	-	-	-
Interest payable	76,425	41,664	-	56,204
Compensated absences	216,446	97,350	629,933	65,129
Notes payable	-	-	-	-
Bonds and leases payable	347,365	329,635	-	240,000
Customer deposits	25,944	-	1,699,391	-
Total current liabilities	3,076,790	731,074	5,689,384	474,559
Noncurrent liabilities				
Compensated absences	76,137	27,861	211,319	18,639
Net pension liability	410,504	190,546	1,451,685	167,317
Notes payable	-	-	-	-
Bonds and leases payable	9,152,426	2,390,574	-	3,763,458
Total noncurrent liabilities	9,639,067	2,608,981	1,663,004	3,949,414
Total liabilities	12,715,857	3,340,055	7,352,388	4,423,973
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	249,260	115,700	881,470	101,596
Total deferred Inflows of resources	249,260	115,700	881,470	101,596
<b>NET POSITION</b>				
Net investment in capital assets	22,623,768	8,408,463	24,324,425	9,472,333
Restricted				
Capital	-	92,492	-	-
Debt service	44	175,900	-	399
Unrestricted	5,323,236	11,012,101	30,542,546	339,307
Total net position	\$ 27,947,048	\$ 19,688,956	\$ 54,866,971	\$ 9,812,039

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
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 1,176,927	\$ 24,947,314	\$ 1,429,239
Investments	52,288	8,241,781	688,316
Accounts receivable (net of allowance)	270,408	8,067,798	1,567
Notes receivable	24,949	24,949	-
Interfund receivable	-	1,056,729	-
Due from other governments	145	25,552	14,070
Inventory	58,285	2,634,831	64,989
Total current assets	<u>1,583,002</u>	<u>44,998,954</u>	<u>2,198,181</u>
Noncurrent assets			
Restricted cash	1,500	6,385,346	-
Notes receivable	130,323	130,323	-
Investments in joint ventures	2,362,230	11,841,062	-
Capital assets			
Land	326,336	6,974,069	-
Construction in progress	-	10,705,076	-
Buildings	873,119	6,218,221	-
Infrastructure	6,147,369	177,628,999	-
Equipment	1,456,529	22,365,581	227,315
Intangibles	-	3,759,027	-
Accumulated depreciation and amortization	(6,042,110)	(143,949,393)	(132,408)
Total noncurrent assets	<u>5,255,296</u>	<u>102,058,311</u>	<u>94,907</u>
Total assets	<u>6,838,298</u>	<u>147,057,265</u>	<u>2,293,088</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred bond refunding loss	-	112,110	-
Deferred outflows related to pensions	103,286	1,267,522	83,426
Total deferred outflows of resources	<u>103,286</u>	<u>1,379,632</u>	<u>83,426</u>
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	173,666	5,583,803	44,176
Accrued liabilities	181,476	917,660	286,103
Interfund payable	1,056,729	1,056,729	-
Interest payable	-	174,293	-
Compensated absences	106,042	1,114,900	60,516
Notes payable	24,949	24,949	-
Bonds and leases payable	-	917,000	-
Customer deposits	1,500	1,726,835	-
Total current liabilities	<u>1,544,362</u>	<u>11,516,169</u>	<u>390,795</u>
Noncurrent liabilities			
Compensated absences	30,347	364,303	4,350
Net pension liability	196,952	2,417,004	159,083
Notes payable	130,323	130,323	-
Bonds and leases payable	-	15,306,458	-
Total noncurrent liabilities	<u>357,622</u>	<u>18,218,088</u>	<u>163,433</u>
Total liabilities	<u>1,901,984</u>	<u>29,734,257</u>	<u>554,228</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflows related to pensions	119,590	1,467,616	96,596
Total deferred inflows of resources	<u>119,590</u>	<u>1,467,616</u>	<u>96,596</u>
<b>NET POSITION</b>			
Net investment in capital assets	2,761,243	67,590,232	94,907
Restricted	-		
Capital	-	92,492	-
Debt service	-	176,343	-
Unrestricted	2,158,767	49,375,957	1,630,783
Total net position	<u>\$ 4,920,010</u>	<u>\$ 117,235,024</u>	<u>\$ 1,725,690</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
<b><u>OPERATING REVENUES</u></b>				
Charges for services	\$ 7,260,490	\$ 5,066,349	\$ 33,137,691	\$ 1,904,035
Connection and servicing fees	4,245	12,097	291,642	-
Other	20,813	13,679	2,828,575	10,808
Total operating revenues	<u>7,285,548</u>	<u>5,092,125</u>	<u>36,257,908</u>	<u>1,914,843</u>
<b><u>OPERATING EXPENSES</u></b>				
Wages and benefits	2,005,260	911,563	6,564,178	834,393
Administrative fees	667,863	548,133	1,433,464	308,675
Operations and maintenance	1,427,866	3,186,732	21,698,100	388,867
Depreciation and amortization	1,054,937	550,828	3,034,444	1,329,331
Total operating expenses	<u>5,155,926</u>	<u>5,197,256</u>	<u>32,730,186</u>	<u>2,861,266</u>
Operating income (loss)	<u>2,129,622</u>	<u>(105,131)</u>	<u>3,527,722</u>	<u>(946,423)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>				
Investment income	147,015	60,327	774,377	32,918
Interest and fiscal charges	(209,419)	(84,901)	-	(128,489)
Equity in income of joint venture	-	1,227,330	-	-
Grant revenues	1,487	7,553	16,308	59
Gain/(loss) on disposal of assets	19,609	4,750	-	-
Total nonoperating revenues (expenses)	<u>(41,308)</u>	<u>1,215,059</u>	<u>790,685</u>	<u>(95,512)</u>
Income (loss) before contributions and transfers	<u>2,088,314</u>	<u>1,109,928</u>	<u>4,318,407</u>	<u>(1,041,935)</u>
Capital contributions	888,623	569,545	229,288	162,201
Transfers in	-	21,125	21,125	-
Transfers out	(571,033)	(405,546)	(2,808,765)	-
Change in net position	<u>2,405,904</u>	<u>1,295,052</u>	<u>1,760,055</u>	<u>(879,734)</u>
Total net position, beginning	<u>25,541,144</u>	<u>18,393,904</u>	<u>53,106,916</u>	<u>10,691,773</u>
Total net position, ending	<u>\$ 27,947,048</u>	<u>\$ 19,688,956</u>	<u>\$ 54,866,971</u>	<u>\$ 9,812,039</u>

The accompanying notes are an integral part of this statement.



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

	Business-type Activities - Enterprise Funds		Governmental Activities
	Nonmajor Enterprise Funds	Total	Internal Service Funds
<b><u>OPERATING REVENUES</u></b>			
Charges for services	\$ 3,765,677	\$ 51,134,242	\$ 1,395,358
Connection and servicing fees	-	307,984	-
Other	15,083	2,888,958	3,936
Total operating revenues	<u>3,780,760</u>	<u>54,331,184</u>	<u>1,399,294</u>
<b><u>OPERATING EXPENSES</u></b>			
Wages and benefits	1,097,142	11,412,536	797,035
Administrative fees	261,437	3,219,572	-
Operations and maintenance	1,873,746	28,575,311	863,118
Depreciation and amortization	258,359	6,227,899	18,918
Total operating expenses	<u>3,490,684</u>	<u>49,435,318</u>	<u>1,679,071</u>
Operating income (loss)	<u>290,076</u>	<u>4,895,866</u>	<u>(279,777)</u>
<b><u>NONOPERATING REVENUES (EXPENSES)</u></b>			
Investment income	20,661	1,035,298	51,682
Interest and fiscal charges	(23,966)	(446,775)	-
Equity in income of joint venture	156,654	1,383,984	-
Grant revenues	145	25,552	14,070
Gain/(loss) on disposal of assets	3,160	27,519	(21,778)
Total nonoperating revenues (expenses)	<u>156,654</u>	<u>2,025,578</u>	<u>43,974</u>
Income (loss) before contributions and transfers	<u>446,730</u>	<u>6,921,444</u>	<u>(235,803)</u>
Capital contributions	-	1,849,657	-
Transfers in	165,000	207,250	-
Transfers out	(181,666)	(3,967,010)	-
Change in net position	<u>430,064</u>	<u>5,011,341</u>	<u>(235,803)</u>
Total net position, beginning	<u>4,489,946</u>	<u>112,223,683</u>	<u>1,961,493</u>
Total net position, ending	<u>\$ 4,920,010</u>	<u>\$ 117,235,024</u>	<u>\$ 1,725,690</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	\$ 6,802,318	\$ 5,056,266	\$ 35,768,613	\$ 1,898,209
Payments to suppliers of goods and services	(178,648)	(3,347,289)	(21,235,031)	(324,476)
Payments to employees for services	(1,892,815)	(873,270)	(6,424,785)	(802,187)
Payment for interfund services	(667,863)	(548,133)	(1,433,464)	(308,675)
Net cash provided (used) by operating activities	4,062,992	287,574	6,675,333	462,871
Cash flows from noncapital financing activities				
Transfers from other funds	-	21,125	21,125	-
Transfers to other funds	(571,033)	(405,546)	(2,808,765)	-
County, state and federal grants	1,487	7,553	16,308	59
Changes to interfund receivables and payables	44,630	-	96,965	-
Net cash provided (used) by noncapital financing activities	(524,916)	(376,868)	(2,674,367)	59
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	19,609	4,750	-	-
Purchases of capital assets	(7,805,299)	(686,459)	(571,562)	(2,130,474)
Impact fees	540,358	406,498	209,288	27,379
Proceeds from issuance of debt	8,054,000	-	-	-
Principal paid on debt	(337,976)	(321,024)	-	(247,986)
Interest and fiscal charges paid on capital debt	(125,766)	(75,947)	-	(131,407)
Net cash provided (used) by capital and related financing activities	344,926	(672,182)	(362,274)	(2,482,488)
Cash flows from investing activities				
Sale (purchase) of investments	(75,873)	(37,520)	(176,666)	-
Investment income	147,015	60,327	774,377	32,918
Net cash provided by investing activities	71,142	22,807	597,711	32,918
Net increase (decrease) in cash and cash equivalents	3,954,144	(738,669)	4,236,403	(1,986,640)
Cash and cash equivalents - beginning of year	912,345	1,426,000	19,830,344	2,520,306
Cash and cash equivalents - end of year	\$ 4,866,489	\$ 687,331	\$ 24,066,747	\$ 533,666
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 2,129,622	\$ (105,131)	\$ 3,527,722	\$ (946,423)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	1,054,937	550,828	3,034,444	1,329,331
(Increase) decrease in receivables	(484,717)	(43,037)	(501,818)	(16,693)
(Increase) decrease in inventory and prepaid items	583	-	(12,266)	-
Increase (decrease) in liabilities	1,362,567	(115,086)	627,251	96,656
Net cash provided (used) by operating activities	\$ 4,062,992	\$ 287,574	\$ 6,675,333	\$ 462,871
Noncash investing, capital and financing activities				
Capital contributions, developers	\$ 348,265	\$ 163,047	\$ 20,000	\$ 134,822
Equity investment adjustment for net income	-	1,227,330	-	-

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	\$ 3,732,896	\$ 53,258,302	\$ 1,397,727
Payments to suppliers of goods and services	(1,826,000)	(26,911,444)	(850,694)
Payments to employees for services	(1,062,669)	(11,055,726)	(766,317)
Payment for interfund services	(261,437)	(3,219,572)	-
Net cash provided (used) by operating activities	<u>582,790</u>	<u>12,071,560</u>	<u>(219,284)</u>
Cash flows from noncapital financing activities			
Transfers from other funds	165,000	207,250	-
Transfers to other funds	(181,666)	(3,967,010)	-
	145	25,552	14,070
Changes to interfund receivables and payables	(141,595)	-	-
Net cash provided (used) by noncapital financing activities	<u>(158,116)</u>	<u>(3,734,208)</u>	<u>14,070</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	3,160	27,519	-
Purchases of capital assets	(124,518)	(11,318,312)	(4,271)
Impact fees	-	1,183,523	-
Proceeds from issuance of debt	-	8,054,000	-
Principal paid on debt	-	(906,986)	-
Interest and fiscal charges paid on capital debt	(23,966)	(357,086)	-
Net cash provided (used) by capital and related financing activities	<u>(145,324)</u>	<u>(3,317,342)</u>	<u>(4,271)</u>
Cash flows from investing activities			
Sale (purchase) of investments	(1,852)	(291,911)	(24,379)
Investment income	20,661	1,035,298	51,682
Net cash provided by investing activities	<u>18,809</u>	<u>743,387</u>	<u>27,303</u>
Net increase (decrease) in cash and cash equivalents	298,159	5,763,397	(182,182)
Cash and cash equivalents - beginning of year	880,268	25,569,263	1,611,421
Cash and cash equivalents - end of year	<u>\$ 1,178,427</u>	<u>\$ 31,332,660</u>	<u>\$ 1,429,239</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income (loss)	\$ 290,076	\$ 4,895,866	\$ (279,777)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation and amortization	258,359	6,227,899	18,918
(Increase) decrease in receivables	(48,009)	(1,094,274)	(15,637)
(Increase) decrease in inventory and prepaid items	(4,143)	(15,826)	(5,476)
Increase (decrease) in liabilities	86,507	2,057,895	62,688
Net cash provided (used) by operating activities	<u>\$ 582,790</u>	<u>\$ 12,071,560</u>	<u>\$ (219,284)</u>
Noncash investing, capital and financing activities			
Capital contributions, developers	\$ -	\$ 666,134	\$ -
Equity investment adjustment for net income	156,654	1,383,984	-

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 in the United States of America (U.S. GAAP) 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 U.S. 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. As of June 30, 2020, there are none.



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**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 2020, the MBA was activated in anticipation of the new City Hall construction. 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. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided. The elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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, 2020 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. Inventory and prepaid items are accounted for under the consumption method.



**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. Historically, pension costs are paid by the individual funds as they become due, for governmental funds, most of the costs are paid by the General Fund.

**Long-term Obligations**

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net 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 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 U.S. 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 U.S. 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	\$ 236,527,581
Accumulated depreciation	(92,559,411)
Total difference	<u>\$ 143,968,170</u>

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

Net pension liability	\$ (7,702,439)
Bonds payable	(11,665,000)
Compensated absences	(3,610,936)
Bond premium	(695,496)
Total difference	<u>\$ (23,673,871)</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	\$ (4,676,954)
Deferred outflows related to pensions	4,039,300
Total difference	<u>\$ (637,654)</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	\$ 224,578
Ending net position of the Retained Risk Fund	1,501,112
Net investment in capital assets, Central Garage Fund	(94,907)
Total difference	<u>\$ 1,630,783</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 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. Below is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.

In the Statement of Activities, only the *gain* or loss 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	\$ 12,281,137
Depreciation expense	(5,097,627)
Developer contributions	2,572,841
Cost of capital assets sold	(126,284)
Total difference	<u>\$ 9,630,067</u>

*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	\$ 790,000
Interest expense	4,966
Bond premium amortization	135,199
Total difference	<u>\$ 930,165</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	\$ (143,994)
Net pension asset	1,373,165
Net pension liability	6,947,743
Deferred pension inflows	(3,757,046)
Deferred pension outflows	(4,029,488)
Total difference	<u>\$ 390,380</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)

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	\$ (80,595)
<i>Change in net position</i> from the Retained Risk Fund	(155,208)
Total difference	<u>\$ (235,803)</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](http://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, 2020. 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.

##### **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). Deposits above \$250,000 per bank are exposed to credit risk.

As of June 30, 2020, the City’s bank balance deposit carrying value was \$5,886,148. Of this amount, \$6,136,148 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 \$49,540,414, 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, 2020 is as follows:

Restricted	\$ 7,913,833
Unrestricted	67,556,784
<b>Total</b>	<b>\$ 75,470,617</b>
Cash	\$ 6,113,821
Cash equivalents and investments	69,356,796
<b>Total</b>	<b>\$ 75,470,617</b>



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

**B. Credit Risk**

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

The City is authorized to invest in the 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. Securities rated less than "A" met the investment criteria at the time of purchase or are covered by FDIC (CDs). The quality ratings for the City's investments are noted in section F below.

**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. The City's investment in the PTIF has no concentration of credit risk as the PTIF is an external investment pool managed by the Utah State Treasurer.



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

**D. Concentration of Credit Risk (continued)**

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 value of the City's investment portfolio (excluding funds in the PTIF) at fiscal year-end is \$19,799,064. Below is a list of issuers with concentration amounts between 5% - 10%.

Issuer	Investment at Fair Market Value	% of Total Investments
Daimler Finance North America LLC	\$ 996,622	5.03%

**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; negotiable certificates of deposit and reciprocal deposits subject to rules of the State Money Management Council.
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.



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

**E. Investments (continued)**

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.

**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. The prices for these financial instruments are determined using prices for recently traded financial instruments with similar underlying terms as well as directly or indirectly observable inputs, such as interest rates and yield curves that are observable at commonly quoted intervals; 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, 2020, 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, 2020, 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.



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

F. Fair Value of Investments (continued)

The following are the City's recurring fair value measurements as of June 30, 2020:

	Fair Value Using			
		Level 1	Level 2	Level 3
Money Market	\$ 79,005	\$ -	\$ 79,005	\$ -
Utah Public Treasurer's Investment Fund	49,557,732	-	49,557,732	-
U.S. Gov't or U.S. Agencies	7,185,361	7,185,361	-	-
Corporate Notes	12,534,698	12,534,698	-	-
Total investments	<u>\$ 69,356,796</u>	<u>\$ 19,720,059</u>	<u>\$ 49,636,737</u>	<u>\$ -</u>

The following are the City's investment maturities as of June 30, 2020:

	Investment Maturities (in years)	
	Less than 1	1-5
Money Market	\$ 79,005	\$ -
Utah Public Treasurer's Investment Fund	49,557,732	-
U.S. Gov't or U.S. Agencies	486,856	6,698,505
Corporate Notes	5,171,936	7,362,762
Total investments	<u>\$ 55,295,529</u>	<u>\$ 14,061,267</u>

The following are the City's investment quality ratings as of June 30, 2020:

	Quality Ratings					
	6/30/20	AAA	AA	A	BBB+	Unrated
Money Market	\$ 79,005	\$ -	\$ -	\$ -	\$ -	\$ 79,005
Utah Public Treasurer's Investment Fund	49,557,732	-	-	-	-	49,557,732
U.S. Gov't or U.S. Agencies	7,185,361	411,100	1,198,329	1,521,973	715,086	3,338,873
Corporate Notes	12,534,698	-	4,376,177	7,086,764	1,071,757	-
Total investments	<u>\$ 69,356,796</u>	<u>\$ 411,100</u>	<u>\$ 5,574,506</u>	<u>\$ 8,608,737</u>	<u>\$ 1,786,843</u>	<u>\$ 52,975,610</u>



## **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	\$ 818,837	\$ 9,408,233	\$ 5,100,261	\$ 15,327,331	\$ (439,789)	\$ 14,887,542
Capital Projects	-	-	84	84	-	84
Redevelopment Agency	2,486	3,006,411	-	3,008,897	-	3,008,897
Library	2,781	2,445,347	21,696	2,469,824	-	2,469,824
Water	1,478,996	-	1,487	1,480,483	(7,774)	1,472,709
Wastewater	688,093	-	7,553	695,646	(5,027)	690,619
Power	5,483,500	-	16,308	5,499,808	(80,746)	5,419,062
Storm Water	242,424	-	59	242,483	(2,076)	240,407
Non-major	299,452	-	14,215	313,667	(2,528)	311,139
	<u>\$ 9,016,569</u>	<u>\$ 14,859,991</u>	<u>\$ 5,161,663</u>	<u>\$ 29,038,223</u>	<u>\$ (537,940)</u>	<u>\$ 28,500,283</u>

## **NOTE 6 – INTERFUND TRANSFERS**

	Transfers In					Total
	General Fund	Capital Projects	Wastewater	Power	NonMajor Proprietary	
Transfers Out:						
General	\$ -	\$ 8,817,454	\$ -	\$ -	\$ 60,000	\$ 8,877,454
Capital Projects	-	-	-	-	105,000	105,000
Redevelopment	279,250	-	21,125	21,125	-	321,500
Water	571,033	-	-	-	-	571,033
Wastewater	405,546	-	-	-	-	405,546
Power	2,808,765	-	-	-	-	2,808,765
Nonmajor	181,666	-	-	-	-	181,666
	<u>\$ 4,246,260</u>	<u>\$ 8,817,454</u>	<u>\$ 21,125</u>	<u>\$ 21,125</u>	<u>\$ 165,000</u>	<u>\$ 13,270,964</u>

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

## **NOTE 7 – INTERFUND RECEIVABLES AND PAYABLE**

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

*Ordinance 16-32 approved on September 12, 2016.* A note from the Power Fund in the amount of \$1,250,000 to replace the irrigation system at the golf course (Ordinance 16-32). This note will be repaid in 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

<b>Governmental activities</b>	<b>Beg Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Decreases</b>	<b>End Balance</b>
Capital assets, not being depreciated:					
Land	\$ 25,505,908	\$ 716,100	\$ -	\$ -	\$ 26,222,008
Road and right of way land	44,944,340	1,872,615	-	-	46,816,955
Construction in progress	5,743,358	8,169,112	-	(2,026,897)	11,885,573
Total capital assets, not being depreciated	76,193,606	10,757,827	-	(2,026,897)	84,924,536
Capital assets, being depreciated:					
Buildings	37,829,544	-	-	(421,310)	37,408,234
Infrastructure	91,990,344	4,043,987	-	-	96,034,331
Machinery and equipment	17,424,814	2,083,332	(91,193)	(1,256,473)	18,160,480
Total capital assets being depreciated	147,244,702	6,127,319	(91,193)	(1,677,783)	151,603,045
Less accumulated depreciation for:					
Buildings	(18,397,775)	(1,101,920)	-	421,310	(19,078,385)
Infrastructure	(58,924,167)	(2,301,656)	-	-	(61,225,823)
Machinery and equipment	(11,741,838)	(1,712,969)	35,921	1,163,683	(12,255,203)
Total accumulated depreciation	(89,063,780)	(5,116,545)	35,921	1,584,993	(92,559,411)
Total capital assets, being depreciated, net	58,180,922	1,010,774	(55,272)	(92,790)	59,043,634
Governmental activities capital assets, net	\$ 134,374,528	\$ 11,768,601	\$ (55,272)	\$ (2,119,687)	\$ 143,968,170
<b>Business-type activities</b>	<b>Beg Balance</b>	<b>Increases</b>	<b>Transfers</b>	<b>Decreases</b>	<b>End Balance</b>
Capital assets, not being depreciated:					
Land	\$ 6,974,069	\$ -	\$ -	\$ -	\$ 6,974,069
Construction in progress	5,103,577	7,695,716	-	(2,094,217)	10,705,076
Total capital assets, not being depreciated	12,077,646	7,695,716	-	(2,094,217)	17,679,145
Capital assets, being depreciated:					
Buildings	6,218,221	-	-	-	6,218,221
Infrastructure	172,551,307	5,103,281	-	(25,589)	177,628,999
Machinery and equipment	21,348,134	1,224,395	110,310	(317,258)	22,365,581
Intangibles	3,759,027	-	-	-	3,759,027
Total capital assets being depreciated	203,876,689	6,327,676	110,310	(342,847)	209,971,828
Less accumulated depreciation for:					
Buildings	(5,290,977)	(113,688)	-	-	(5,404,665)
Infrastructure	(115,556,661)	(4,922,098)	-	25,589	(120,453,170)
Machinery and equipment	(14,477,385)	(1,115,563)	(55,038)	317,258	(15,330,728)
Intangibles	(2,684,280)	(76,550)	-	-	(2,760,830)
Total accumulated depreciation and amortization	(138,009,303)	(6,227,899)	(55,038)	342,847	(143,949,393)
Total capital assets, being depreciated, net	65,867,386	99,777	55,272	-	66,022,435
Business-type activities capital assets, net	\$ 77,945,032	\$ 7,795,493	\$ 55,272	\$ (2,094,217)	\$ 83,701,580



**NOTE 8 – CAPITAL ASSETS (continued)**

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

Governmental activities:	
General government	\$ 769,628
Public safety	996,477
Highways and public improvements	2,344,066
Parks, recreation and culture	1,006,374
Total depreciation expense	<u>\$ 5,116,545</u>
Business-type activities	
Water	\$ 1,054,937
Wastewater	550,828
Power	3,034,444
Murray Parkway	220,669
Solid Waste	37,690
Storm Water	1,329,331
Total depreciation expense	<u>\$ 6,227,899</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, 2020, the City has an 8.14 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City recognized its equity income of a joint venture of \$156,654 in the Solid Waste Fund under nonoperating revenue.

Tipping fees paid from the Solid Waste Fund to Trans-Jordan Cities were \$244,219 for fiscal year 2020.





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**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 8.68 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 \$2,835,848 in fiscal year 2020. The City recorded a net increase in its investment in the Facility of \$1,227,330 in fiscal year 2020.

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, 2019 was \$4,254,840. During fiscal year 2019, the Facility issued \$35,390,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2019 was \$5,174,018. 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. 61, "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, 2020 is \$998,197, 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:

Future minimum lease obligations	
Year end June 30,	
2021	\$ 3,561
2022	3,561
2023	3,561
2024	2,968
	<u>\$ 13,651</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>
2021	\$ 140,000	\$ 18,855	\$ 158,855
2022	145,000	12,835	157,835
2023	150,000	6,600	156,600
	<u>\$ 435,000</u>	<u>\$ 38,290</u>	<u>\$ • 473,290</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>
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	370,000	194,000	564,000
2026-2030	2,100,000	729,800	2,829,800
2031-2035	2,565,000	264,700	2,829,700
	<u>\$ 6,380,000</u>	<u>\$ 2,104,400</u>	<u>\$ 8,484,400</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>
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	420,000	114,706	534,706
2026-2030	2,375,000	303,780	2,678,780
2031	525,000	8,203	533,203
	<u>\$ 4,850,000</u>	<u>\$ 1,042,713</u>	<u>\$ 5,892,713</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. This bond was a direct placement.

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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>\$ 2,310,000</u>	<u>\$ 120,897</u>	<u>\$ 2,430,897</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. This bond was a direct placement.

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	136,000	33,725	169,725
2026-2030	730,000	116,025	846,025
2031-2033	483,000	24,350	507,350
	<u>\$ 1,856,000</u>	<u>\$ 341,100</u>	<u>\$ 2,197,100</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

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	135,000	46,850	181,850
2026-2030	750,000	169,500	919,500
2031-2033	510,000	32,200	542,200
	<u>\$ 1,905,000</u>	<u>\$ 462,794</u>	<u>\$ 2,367,794</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

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
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	135,000	57,800	192,800
2026-2030	770,000	202,800	972,800
2031-2033	540,000	43,600	583,600
	<u>\$ 1,935,000</u>	<u>\$ 585,400</u>	<u>\$ 2,520,400</u>

**H. Series 2019 Water Revenue Bonds**

Purpose: System improvements  
Date of issuance: July 9, 2019  
Interest rate: 1.00%  
Original issuance: \$8,054,000

The Series 2019 Water Revenue Bonds are state-issued water quality bonds that will be used by the City to replace two wells and various pipelines throughout the City. The debt represents about 85% of the planned project costs with the City required to fund the remaining 15% or \$1,421,000. This bond was a direct placement.

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ -	\$ 80,540	\$ 80,540
2022	-	80,540	80,540
2023	-	80,540	80,540
2024	-	80,540	80,540
2025	-	80,540	80,540
2026-2030	1,343,000	376,110	1,719,110
2031-2035	1,412,000	307,580	1,719,580
2036-2040	1,680,000	231,690	1,911,690
2041-2045	1,764,000	146,020	1,910,020
2046-2050	1,855,000	56,010	1,911,010
	<u>\$ 8,054,000</u>	<u>\$ 1,520,110</u>	<u>\$ 9,574,110</u>



## **NOTE 12 – LONG-TERM LIABILITIES (continued)**

### **I. Changes in Long-term Liabilities**

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
<b><u>Governmental activities</u></b>					
Bonds payable					
Series 2009A Sales Tax Revenue Bonds	\$ 570,000	\$ -	\$ (135,000)	\$ 435,000	\$ 140,000
Series 2016 Sales Tax Revenue Bonds	6,685,000	-	(305,000)	6,380,000	315,000
Series 2018 Sales Tax Revenue Bonds	5,200,000	-	(350,000)	4,850,000	360,000
Unamortized premium	830,695	-	(135,199)	695,496	-
Total bonds payable	13,285,695	-	(925,199)	12,360,496	815,000
Compensated absences	3,522,847	3,523,495	(3,370,540)	3,675,802	3,389,585
Total governmental long-term obligations	<u>\$ 16,808,542</u>	<u>\$ 3,523,495</u>	<u>\$ (4,295,739)</u>	<u>\$ 16,036,298</u>	<u>\$ 4,204,585</u>
<b><u>Business-type activities</u></b>					
Bonds payable					
Series 2012 Water and Sewer Revenue Bonds	\$ 2,850,000	\$ -	\$ (540,000)	\$ 2,310,000	\$ 555,000
Series 2012 Sewer Revenue Bonds	1,975,000	-	(119,000)	1,856,000	122,000
Series 2013 Storm Water Revenue Bonds	2,025,000	-	(120,000)	1,905,000	125,000
Series 2016 Storm Water Revenue Bonds	2,050,000	-	(115,000)	1,935,000	115,000
Series 2019 Water Revenue Bonds	-	8,054,000	-	8,054,000	-
Unamortized premium	176,444	-	(12,986)	163,458	-
Total bonds payable	9,076,444	8,054,000	(906,986)	16,223,458	917,000
Compensated absences	1,399,823	1,244,560	(1,165,180)	1,479,203	1,114,900
Total business-type long-term obligations	<u>\$ 10,476,267</u>	<u>\$ 9,298,560</u>	<u>\$ (2,072,166)</u>	<u>\$ 17,702,661</u>	<u>\$ 2,031,900</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.





**NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)**

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

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

**B. Commitments**

*Construction and property acquisition contracts.* The City had active contract commitments on the following projects as of June 30, 2020.

Project type	Contract Amount	Spent-to-date	Remaining commitment
Water construction projects	\$ 10,267,540	\$ 5,869,639	\$ 4,397,901
Wastewater construction projects	272,425	-	272,425
Street construction projects	1,756,109	1,154,899	601,210
Transportation master plan	109,700	39,825	69,875
Property acquisition	800,720	-	800,720
City Hall design and preconstruction	30,433,025	1,585,751	28,847,274
	<u>\$ 43,639,519</u>	<u>\$ 8,650,114</u>	<u>\$ 34,989,405</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.



**NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)**

**B. Commitments (continued)**

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

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

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

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA's market risk and administrative costs. This also drew down the restricted money that had been set aside for UTOPIA's Series 2004 Debt Service Reserve Fund. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund. The maximum amount committed by the City for year ended June 30, 2020 was \$1,818,993, with a 2 percent increase per year through 2040. The payment commitment for fiscal year 2021 is \$1,855,373. The total debt service payments paid by the City as of June 30, 2020 is \$18,152,577. 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, 2020 is \$179,761,471 of which the City is responsible for 12.34 percent or \$22,182,566.

*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, 2020. Cumulative payments to UIA for operational expenses is \$141,666. UIA's total bonded debt as of June 30, 2020 in which the City participated is \$72,615,000 of which the City is obligated for 13.40 percent or \$9,730,410. 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, 2020, 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, 2020, there are two outstanding series of Industrial Revenue Bonds. The aggregate principal amount payable is \$300.5 million for the Series 2003 bonds and \$143.48 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, 2020; 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.

	<b>FY 2020</b>	<b>FY 2019</b>
Tax increment collection for various project areas	\$ 3,667,147	\$ 2,861,642
Public improvements, including housing donations	(778,690)	(183,919)
Debt service	(567,550)	(572,418)
Tax increment distributions	(1,210,522)	(1,043,637)
Administrative costs	(422,042)	(468,633)



## **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](http://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 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Contributory System	Highest 5 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	1.25% per year to June 1975; 2.0% per year July 1975 to present	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending upon employer
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.50% per year all years	Up to 2.5%

\*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, 2020 are as follows:

	Employee Paid	Employer for Employee	Contribution Rates	for 401(k) Plan
Contributory System				
11 - Local Governmental Division Tier 1	N/A	6.00%	14.46%	N/A
111 - Local Governmental Division Tier 2	N/A	N/A	15.66%	1.03%
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	23.13%	0.70%
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	11.38%	0.70%
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, 2020, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,311,333	NA
Contributory System	57,181	23,727
Public Safety System	1,349,355	-
Firefighters System	161,018	525,667
Tier 2 Public Employees System	642,148	-
Tier 2 Public Safety and Firefighter System	500,723	-
Tier 2 DC Only System	32,113	NA
Tier 2 DC Public Safety and Firefighter System	7,493	NA
Total contributions	<u>\$ 5,061,364</u>	<u>\$ 549,394</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, 2020, the City reported a net pension asset of \$1,373,165 and a net pension liability of \$10,278,526.

System	Measurement Date: December 31, 2019				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2018	Change (Decrease)
Noncontributory System	\$ -	\$ 5,415,063	1.4367874%	1.4117505%	0.0250369%
Contributory System	-	153,148	2.3368421%	2.0981454%	0.2386967%
Public Safety System	-	4,509,886	2.8088166%	2.5817706%	0.2270460%
Firefighters System	1,373,165	-	11.0721341%	11.3620768%	-0.2899427%
Tier 2 Public Employees System	-	60,961	0.2710481%	0.2618701%	0.0091780%
Tier 2 Public Safety and Firefighter System	-	139,468	1.4826876%	1.4780218%	0.0046658%
	<u>\$ 1,373,165</u>	<u>\$ 10,278,526</u>			

The net pension asset and liability were measured as of December 31, 2019, and the total pension liability used to calculate the net pension asset and liability were determined by an actuarial valuation as of January 1, 2019 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, 2020, the City recognized a pension expense of \$4,821,125.

At June 30, 2020, 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	\$ 896,548	\$ 387,074
Changes in assumptions	1,372,080	114,089
Net difference between projected and actual earnings on pension plan investments	-	5,641,165
Changes in proportion and differences between contributions and proportionate share of contributions	619,177	98,838
Contributions subsequent to the measurement date	2,502,443	-
	<u>\$ 5,390,248</u>	<u>\$ 6,241,166</u>

Deferred outflows of resources related to pensions of \$2,502,443 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.



**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>
2020	\$	(713,184)
2021		(1,062,934)
2022		320,123
2023		(2,035,348)
2024		31,238
Thereafter		106,744

*Noncontributory system pension expense and deferred outflows and/or inflows of resources.* At June 30, 2020, the City recognized pension expense of \$2,751,469.

At June 30, 2020, 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 and actual experience	\$ 492,564	\$ 77,784
Changes in assumptions	573,518	-
Net difference between projected and actual earnings on pension plan investments	-	2,738,446
Changes in proportion and differences between contributions and proportionate share of contributions	117,730	49,847
Contributions subsequent to the measurement date	1,131,150	-
	<u>\$ 2,314,962</u>	<u>\$ 2,866,077</u>

Deferred outflows of resources related to pensions of \$1,131,150 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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>
2020	\$	(203,453)
2021		(533,889)
2022		96,188
2023		(1,041,111)





**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, 2020, the City recognized a pension expense of \$24,387.

At June 30, 2020, 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	-	382,302
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	26,299	-
	<u>\$ 26,299</u>	<u>\$ 382,302</u>

Deferred outflows of resources related to pensions of \$26,299 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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>
2020	\$ (135,310)
2021	(111,367)
2022	7,003
2023	(142,628)



**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, 2020, the City recognized pension expense of \$2,195,230.

At June 30, 2020, 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	\$ 78,433	\$ 96,299
Changes in assumptions	153,880	-
Net difference between projected and actual earnings on pension plan investments	-	1,539,980
Changes in proportion and differences between contributions and proportionate share of contributions	403,686	34,869
Contributions subsequent to the measurement date	663,729	-
	<u>\$ 1,299,728</u>	<u>\$ 1,671,148</u>

Deferred outflows of resources related to pensions of \$663,729, results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (181,250)
2021	(275,515)
2022	6,761
2023	(585,145)



**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, 2020, the City recognized pension expense of (\$904,896).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 266,801	\$ 192,024
Changes in assumptions	585,527	111,078
Net difference between projected and actual earnings on pension plan investments	-	899,296
Changes in proportion and differences between contributions and proportionate share of contributions	19,778	14,122
Contributions subsequent to the measurement date	80,122	-
	<u>\$ 952,228</u>	<u>\$ 1,216,520</u>

Deferred outflows of resources related to pensions of \$80,122 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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
2020	\$ (184,493)
2021	(134,990)
2022	204,059
2023	(247,266)
2024	18,187
Thereafter	89



**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, 2020, the City recognized pension expense of \$342,722.

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected an actual experience	\$ 17,054	\$ 20,922
Changes in assumptions	26,030	1,752
Net difference between projected and actual earnings on pension plan investments	-	46,860
Changes in proportion and differences between contributions and proportionate share of contributions	45,649	-
Contributions subsequent to the measurement date	343,132	-
	<u>\$ 431,865</u>	<u>\$ 69,534</u>

Deferred outflows of resources related to pensions of \$343,132 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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>
2020	\$ (6,502)
2021	(5,590)
2022	2,416
2023	(12,603)
2024	6,145
Thereafter	35,333



**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, 2020, the City recognized pension expense of \$412,213.

At June 30, 2020, 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	\$ 41,696	\$ 45
Changes in assumptions	33,125	1,259
Net difference between projected and actual earnings on pension plan investments	-	34,281
Changes in proportion and differences between contributions and proportionate share of contributions	32,333	-
Contributions subsequent to the measurement date	258,012	-
	<u>\$ 365,166</u>	<u>\$ 35,585</u>

Deferred outflows of resources related to pensions of \$258,012 results from contributions made by the City prior to fiscal year end, but subsequent to the measurement date of December 31, 2019.

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

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2020	\$ (2,175)
2021	(1,583)
2022	3,697
2023	(6,596)
2024	6,906
Thereafter	71,320

*Actuarial assumptions.* The total pension liability in the December 31, 2019 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, 2019 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%	0.90%
Absolute return	16%	2.85%	0.45%
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	\$ 16,913,128	\$ 5,415,063	\$ (4,174,203)
Contributory System	1,195,592	153,148	(725,897)
Public Safety System	11,682,354	4,509,886	(1,319,127)
Firefighters System	2,808,147	(1,373,166)	(4,765,078)
Tier 2 Public Employees System	525,691	60,961	(298,191)
Tier 2 Public Safety and Firefighter System	492,687	139,468	(122,739)
	<u>\$ 33,617,599</u>	<u>\$ 8,905,360</u>	<u>\$ (11,405,235)</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 2020	FY 2019	FY 2018
401 (k) Plan			
Employer contributions	\$ 1,042,692	\$ 1,001,520	\$ 951,174
Employee contributions	644,219	582,146	507,852
457 Plan			
Employer contributions	-	-	-
Employee contributions	299,039	269,656	238,458
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	60,193	54,418	19,390



## **NOTE 18 – FUND BALANCE**

Financial statement fund balance category details are as follows:

Fund Type	General Fund	Capital Projects Fund	RDA	Library	Cemetery	Total
Nonspendable						
Prepays	\$ 13,228	\$ -	\$ -	\$ 21,523	\$ -	\$ 34,751
Endowment	-	-	-	17,318	-	17,318
Restricted						
Alcohol tax	102,838	-	-	-	-	102,838
Escrow	-	100,000	-	-	-	100,000
Historic smelter	16,503	-	-	-	-	16,503
State allowance	-	164,398	-	-	-	164,398
Debt service	1,472	-	166	-	-	1,638
Low-income housing	-	-	1,755,664	-	-	1,755,664
Committed						
Cemetery perpetual care	-	-	-	-	1,398,966	1,398,966
Assigned						
Capital projects	-	13,758,799	-	-	-	13,758,799
Redevelopment	-	-	1,839,775	-	-	1,839,775
Library	-	-	-	2,628,139	-	2,628,139
Unassigned	11,758,004	-	-	-	-	11,758,004
	<u>\$ 11,892,045</u>	<u>\$ 14,023,197</u>	<u>\$ 3,595,605</u>	<u>\$ 2,666,980</u>	<u>\$ 1,398,966</u>	<u>\$ 33,576,793</u>

## **NOTE 19 – RECENT ACCOUNTING PRONOUNCEMENT**

In June 2017, the GASB issued Statement No. 87 Leases. The statement is meant to increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset. Statement 87 is effective for fiscal years beginning after June 30, 2022 and earlier adopting is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.

In June 2018, the GASB issued Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. The statement is meant to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period as well as to simplify accounting for interest cost incurred before the end of a construction period. Statement 89 is effective for fiscal years beginning after December 31, 2021 and early adoption is encouraged. The City is currently evaluating the impact of this statement on the financial statements when implemented.





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**NOTE 20 – SUBSEQUENT EVENTS**

On July 21, 2020 the City received a distribution in the amount of \$1,456,622 from Salt Lake County from the Coronavirus Aid Relief and Economic Security Act (CARES Act). Of that amount \$710,852 was spent in the current fiscal year (FY2020) and recorded as a receivable. The remaining amount is required to be spent by December 31, 2020 in continued remediation efforts focused on the health pandemic and its effects on the City's economy and public health.

On November 3, 2020, the City received a second distribution in the amount of \$1,456,622 from Salt Lake County from the Coronavirus Aid Relief and Economic Security Act (CARES Act). These funds are required to be spent by December 31, 2020 in continued remediation efforts focused on the health pandemic and its effects on the City's economy and public health.

On September 21, 2020, the City approved Resolution No. R20-48 withdrawing the City from the carbon-free power project power sales contract with Utah Associated Municipal Power Systems (UAMPS). 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. As outlined in R 18-41 the City will be reimbursing UAMPS for its share of costs incurred through this phase of the project (\$330,000).

In October 2020, the Redevelopment Agency of Murray City (RDA) completed negotiations and signed 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.

On November 24, 2020 The Municipal Building Authority of Murray City (MBA) completed the sale of \$31,310,000 par value 4% coupon bonds at a premium with a true interest cost of 2.895%. The bond proceeds will be used for city hall construction and furnishing (\$34,000,000), pay 18 months of interest (\$1,902,952) and cost of issuance (\$282,334). Construction was started October 2020 and is expected to be completed May of 2022.

On July 31, 2020 The Redevelopment Agency of Murray City (RDA) approved resolution 20-30 approving and authorizing a participation agreement with Jesse Knight Legacy Center, LLC for tax increment reimbursement up to \$2,500,000 for the development and operation of a professional office development and entrepreneurial center in the Ore Sampling Mill Community Reinvestment project area located at 5510 South 300 West.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**For Fiscal Year Ended June 30, 2020**



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<b>REVENUES</b>				
Sales tax	\$ 22,266,080	\$ 22,266,080	\$ 22,326,561	\$ 60,481
Property taxes	10,038,763	10,038,763	9,844,622	(194,141)
Franchise taxes	4,577,000	4,577,000	4,301,199	(275,801)
Licenses and permits	1,635,000	1,685,000	2,170,743	485,743
Intergovernmental	1,967,262	2,505,431	3,086,270	580,839
Charges for services	3,465,000	3,465,000	3,285,686	(179,314)
Fines and forfeitures	1,194,000	1,194,000	1,021,418	(172,582)
Miscellaneous	205,000	212,011	445,759	233,748
Investment income	300,000	300,000	356,533	56,533
Total revenues	45,648,105	46,243,285	46,838,791	595,506
<b>EXPENDITURES</b>				
General government				
Community and economic development	2,528,805	2,583,305	2,256,958	326,347
Finance and administration	606,935	583,317	525,339	57,978
Human resources	268,118	268,118	202,840	65,278
Information Technology	1,353,861	1,353,861	1,294,614	59,247
Justice court	1,043,689	1,046,689	959,045	87,644
Legal	757,736	777,573	696,763	80,810
Legislative	310,906	315,406	292,763	22,643
Mayor	481,741	481,741	438,087	43,654
Non-departmental	543,263	535,763	376,322	159,441
Total general government	7,895,054	7,945,773	7,042,731	903,042
Public safety				
Fire department	9,444,515	9,513,029	8,764,164	748,865
Police department	13,504,226	13,854,425	13,019,652	834,773
Total public safety	22,948,741	23,367,454	21,783,816	1,583,638
Highways and public improvements				
Engineering	878,397	878,397	876,233	2,164
Streets and highways	3,940,705	4,369,654	3,543,389	826,265
Total highways and public improvements	4,819,102	5,248,051	4,419,622	828,429
Parks, recreation, and culture				
Parks and recreation	6,142,649	6,198,980	5,560,857	638,123
Cemetery	467,163	467,163	444,398	22,765
Total parks, recreation, and culture	6,609,812	6,666,143	6,005,255	660,888
Debt service				
Principal	485,000	485,000	485,000	-
Interest and fiscal charges	212,078	212,078	212,846	(768)
Pledge payment - UTOPIA debt service	1,818,999	1,818,999	1,818,993	6
Total debt service	2,516,077	2,516,077	2,516,839	(762)
Total expenditures	44,788,786	45,743,498	41,768,263	3,975,235
Excess of revenues over expenditures	859,319	499,787	5,070,528	4,570,741
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	4,335,618	4,335,618	4,246,260	(89,358)
Transfers out	(5,194,937)	(8,877,455)	(8,877,454)	1
Net other financing sources (uses)	(859,319)	(4,541,837)	(4,631,194)	(89,357)
Net change in fund balance	-	(4,042,050)	439,334	\$ 4,481,384
Fund balance at beginning of year	11,452,711	11,452,711	11,452,711	
Fund balance at end of year	\$ 11,452,711	\$ 7,410,661	\$ 11,892,045	



**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
<b><u>REVENUES</u></b>				
Property taxes	\$ 2,853,329	\$ 2,853,329	\$ 790,054	\$ (2,063,275)
Intergovernmental	-	-	2,877,093	2,877,093
Miscellaneous	-	-	16,193	16,193
Investment income	50,000	50,000	83,232	33,232
Total revenues	<u>2,903,329</u>	<u>2,903,329</u>	<u>3,766,572</u>	<u>863,243</u>
<b><u>EXPENDITURES</u></b>				
Highways and public improvements	1,935,206	3,355,926	2,089,754	1,266,172
Debt service				
Principal	305,000	305,000	305,000	-
Interest and fiscal charges	262,550	262,550	262,550	-
Total expenditures	<u>2,502,756</u>	<u>3,923,476</u>	<u>2,657,304</u>	<u>1,266,172</u>
Excess of revenues over expenditures	<u>400,573</u>	<u>(1,020,147)</u>	<u>1,109,268</u>	<u>2,129,415</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers out	(321,500)	(321,500)	(321,500)	-
Net other financing sources (uses)	<u>(321,500)</u>	<u>(321,500)</u>	<u>(321,500)</u>	<u>-</u>
Net change in fund balance	79,073	(1,341,647)	787,768	<u>\$ 2,129,415</u>
Fund balance at beginning of year	2,807,837	2,807,837	2,807,837	
Fund balance at end of year	<u>\$ 2,886,910</u>	<u>\$ 1,466,190</u>	<u>\$ 3,595,605</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
<b>REVENUES</b>				
Property taxes	\$ 2,608,564	\$ 2,608,564	\$ 2,559,176	\$ (49,388)
Intergovernmental	12,000	14,045	35,941	21,896
Fines and forfeitures	35,000	35,000	22,452	(12,548)
Miscellaneous	8,000	8,000	15,879	7,879
Investment income	50,000	50,000	60,222	10,222
Total revenues	<u>2,713,564</u>	<u>2,715,609</u>	<u>2,693,670</u>	<u>(21,939)</u>
<b>EXPENDITURES</b>				
Parks, recreation, and culture	<u>1,819,363</u>	<u>1,922,210</u>	<u>1,760,655</u>	<u>161,555</u>
Total expenditures	<u>1,819,363</u>	<u>1,922,210</u>	<u>1,760,655</u>	<u>161,555</u>
Net change of fund balance	894,201	793,399	933,015	<u>\$ 139,616</u>
Fund balance at beginning of year	<u>1,733,965</u>	<u>1,733,965</u>	<u>1,733,965</u>	
Fund balance at end of year	<u>\$ 2,628,166</u>	<u>\$ 2,527,364</u>	<u>\$ 2,666,980</u>	



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

MEASUREMENT DATE OF DECEMBER 31, 2019

JUNE 30, 2020

		Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System	2014	1.4050804%	\$ 6,101,190	\$ 12,005,198	50.80%	90.2%
	2015	1.4044030%	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%
	2019	1.4367874%	5,415,063	12,726,367	42.55%	93.7%
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%
	2019	2.3368421%	153,148	418,746	36.57%	98.6%
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%
	2019	2.8088166%	4,509,886	4,098,114	110.05%	90.9%
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%
	2019	11.0721341%	(1,373,166)	3,545,014	-38.74%	105.0%
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%
	2019	0.2710481%	60,961	3,766,640	1.62%	96.5%
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%	37,033	1,974,242	1.88%	95.6%
	2019	1.4826876%	139,468	2,443,715	5.71%	89.6%

\* 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.

MURRAY CITY  
REQUIRED SUPPLEMENTARY INFORMATION  
For the Fiscal Year Ended June 30, 2020



**SCHEDULE OF CONTRIBUTIONS**  
**LAST 10 FISCAL YEARS \***  
**JUNE 30, 2020**

		Actuarial- determined contributions	Contributions in relation to the contractually- required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered 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%
	2020	2,311,333	2,311,333	-	12,737,008	18.15%
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%
	2020	57,181	57,181	-	395,446	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%
	2020	1,349,355	1,349,355	-	4,098,622	32.92%
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%
	2020	161,018	161,018	-	3,492,811	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%
	2020	642,148	642,148	-	4,096,087	15.68%
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%
	2020	500,723	500,723	-	2,672,195	18.74%
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%
	2020	32,113	32,113	-	480,004	6.69%
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	3,657	3,657	-	181,646	2.01%
	2020	7,493	7,493	-	237,082	3.16%

\* 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.



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**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**NOTE 1- CHANGES IN ASSUMPTIONS**

As a result of the passage of SB129, the retirement rates for members of the Tier 2 Public Safety and Firefighter Hybrid System have been modified to be the same as the assumption used to model the retirement pattern in the Tier 1 Public Safety and Firefighter Systems, except for a 10% load at first eligibility for unreduced retirement prior to age 65.



## **SUPPLEMENTARY INFORMATION**



**For Fiscal Year Ended June 30, 2020**



**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	\$ 10,000	\$ 10,000	\$ 5,950	\$ (4,050)
Investment income	40,000	40,000	44,135	4,135
Total revenues	50,000	50,000	50,085	85
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Net change of fund balance	50,000	50,000	50,085	\$ 85
Fund balance at beginning of year	1,348,881	1,348,881	1,348,881	
Fund balance at end of year	\$ 1,398,881	\$ 1,398,881	\$ 1,398,966	



**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	\$ -	\$ 2,730,993	\$ 84	\$ (2,730,909)
Miscellaneous	-	-	2,544	2,544
Investment income	350,000	350,000	341,204	(8,796)
Total revenues	350,000	3,080,993	343,832	(2,737,161)
<u>EXPENDITURES</u>				
General government	1,333,500	3,878,287	2,180,797	1,697,490
Public safety	1,825,000	6,854,663	5,923,254	931,409
Highways and public improvements	1,930,000	6,180,926	3,196,968	2,983,958
Parks, recreation, and culture	3,468,000	4,394,648	1,901,777	2,492,871
Total expenditures	8,556,500	21,308,524	13,202,796	8,105,728
Excess (deficiency) of revenues over (under) expendi	(8,206,500)	(18,227,531)	(12,858,964)	5,368,567
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	48,225	156,477	108,252
Transfers in	5,134,937	8,817,455	8,817,454	(1)
Transfers out	(105,000)	(105,000)	(105,000)	-
Net other financing sources (uses)	5,029,937	8,760,680	8,868,931	108,251
Net change in fund balance	(3,176,563)	(9,466,851)	(3,990,033)	\$ 5,476,818
Fund balance at beginning of year	18,013,230	18,013,230	18,013,230	
Fund balance at end of year	\$ 14,836,667	\$ 8,546,379	\$ 14,023,197	



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## INTERNAL SERVICE FUNDS

### Central Garage Fund

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

### Retained Risk Fund

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



**STATEMENT OF NET POSITION  
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Retained Risk Fund	Total
<u>ASSETS</u>			
Current assets			
Cash and cash equivalents	\$ 194,649	\$ 1,234,590	\$ 1,429,239
Investments	-	688,316	688,316
Accounts receivable (net of allowance)	743	824	1,567
Due from other governments	1,727	12,343	14,070
Inventory	64,989	-	64,989
Total current assets	262,108	1,936,073	2,198,181
Noncurrent assets			
Capital assets			
Equipment	227,315	-	227,315
Less: Accumulated depreciation	(132,408)	-	(132,408)
Total noncurrent assets	94,907	-	94,907
Total assets	357,015	1,936,073	2,293,088
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred outflows related to pensions	42,545	40,881	83,426
Total deferred outflows of resources	42,545	40,881	83,426
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	748	43,428	44,176
Accrued liabilities	17,223	268,880	286,103
Compensated absences	24,822	35,694	60,516
Total current liabilities	42,793	348,002	390,795
Noncurrent liabilities			
Compensated absences	1,800	2,550	4,350
Net pension payable	81,128	77,955	159,083
Total noncurrent liabilities	82,928	80,505	163,433
Total liabilities	125,721	428,507	554,228
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred inflows related to pensions	49,261	47,335	96,596
Total deferred Inflows of resources	49,261	47,335	96,596
<u>NET POSITION</u>			
Net investment in capital assets	94,907	-	94,907
Unrestricted	129,671	1,501,112	1,630,783
Total net position	\$ 224,578	\$ 1,501,112	\$ 1,725,690



**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	\$ 365,477	\$ 1,029,881	\$ 1,395,358
Other	-	3,936	3,936
Total operating revenues	<u>365,477</u>	<u>1,033,817</u>	<u>1,399,294</u>
<u>OPERATING EXPENSES</u>			
Wages and benefits	377,005	420,030	797,035
Operations and maintenance	34,476	828,642	863,118
Depreciation	18,918	-	18,918
Total operating expenses	<u>430,399</u>	<u>1,248,672</u>	<u>1,679,071</u>
Operating loss	<u>(64,922)</u>	<u>(214,855)</u>	<u>(279,777)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>			
Investment income	4,378	47,304	51,682
Grant revenues	1,727	12,343	14,070
Gain/(loss) on disposal of assets	(21,778)	-	(21,778)
Total nonoperating revenues (expenses)	<u>(15,673)</u>	<u>59,647</u>	<u>43,974</u>
Change net position	(80,595)	(155,208)	(235,803)
Total net position - beginning	305,173	1,656,320	1,961,493
Total net position - ending	<u>\$ 224,578</u>	<u>\$ 1,501,112</u>	<u>\$ 1,725,690</u>



**STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 364,734	\$ 1,032,993	\$ 1,397,727
Payments to suppliers of goods and services	(39,592)	(811,102)	(850,694)
Payments to employees for services	(364,639)	(401,678)	(766,317)
Net cash used by operating activities	<u>(39,497)</u>	<u>(179,787)</u>	<u>(219,284)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	-	-	-
Purchases of capital assets	(4,271)	-	(4,271)
Net cash used by capital and related financing activities	<u>(4,271)</u>	<u>-</u>	<u>(4,271)</u>
Cash flows from investing activities			
Purchase of investments	-	(24,379)	(24,379)
Investment income	4,378	47,304	51,682
Net cash provided by investing activities	<u>4,378</u>	<u>22,925</u>	<u>27,303</u>
Net decrease in cash and cash equivalents	(37,663)	(144,519)	(182,182)
Cash and cash equivalents - beginning of year	232,312	1,379,109	1,611,421
Cash and cash equivalents - end of year	<u>\$ 194,649</u>	<u>\$ 1,234,590</u>	<u>\$ 1,429,239</u>
Reconciliation of operating loss to net cash used by operating activities			
Operating loss	\$ (64,922)	\$ (214,855)	\$ (279,777)
Adjustments to reconcile operating loss to net cash used by operating activities:			
Depreciation and amortization	18,918	-	18,918
(Increase) decrease in receivables	(2,470)	(13,167)	(15,637)
(Increase) decrease in inventory and prepaid items	(5,476)	-	(5,476)
Increase (decrease) in liabilities	14,453	48,235	62,688
Net cash used by operating activities	<u>\$ (39,497)</u>	<u>\$ (179,787)</u>	<u>\$ (219,284)</u>



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## NONMAJOR PROPRIETARY FUNDS

### Murray Parkway Fund

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

### Solid Waste Fund

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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

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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
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 731,571	\$ 385,862	\$ 59,494	\$ 1,176,927
Investments	-	-	52,288	52,288
Accounts receivable (net)	1,400	265,449	3,559	270,408
Notes receivable	-	-	24,949	24,949
Due from other governments	145	-	-	145
Inventory	58,285	-	-	58,285
Total current assets	791,401	651,311	140,290	1,583,002
Noncurrent assets				
Restricted cash	1,500	-	-	1,500
Notes receivable	-	-	130,323	130,323
Investments in joint ventures	-	2,362,230	-	2,362,230
Capital assets				
Land	326,336	-	-	326,336
Buildings	873,119	-	-	873,119
Improvements other than buildings	6,147,369	-	-	6,147,369
Equipment	1,010,036	446,493	-	1,456,529
Less: Accumulated depreciation	(5,815,254)	(226,856)	-	(6,042,110)
Total noncurrent assets	2,543,106	2,581,867	130,323	5,255,296
Total assets	3,334,507	3,233,178	270,613	6,838,298
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows related to pensions	83,104	20,182	-	103,286
Total deferred outflows of resources	83,104	20,182	-	103,286
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	8,410	165,256	-	173,666
Accrued liabilities	171,536	9,940	-	181,476
Interfund payable	1,056,729	-	-	1,056,729
Compensated absences	98,126	7,916	-	106,042
Notes payable	-	-	24,949	24,949
Customer deposits	1,500	-	-	1,500
Total current liabilities	1,336,301	183,112	24,949	1,544,362
Noncurrent liabilities				
Notes payable	-	-	130,323	130,323
Compensated absences	28,081	2,266	-	30,347
Net pension payable	158,468	38,484	-	196,952
Total noncurrent liabilities	186,549	40,750	130,323	357,622
Total liabilities	1,522,850	223,862	155,272	1,901,984
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows related to pensions	96,222	23,368	-	119,590
Total deferred Inflows of resources	96,222	23,368	-	119,590
<b>NET POSITION</b>				
Net investment in capital assets	2,541,606	219,637	-	2,761,243
Unrestricted	(743,067)	2,786,493	115,341	2,158,767
Total net position	\$ 1,798,539	\$ 3,006,130	\$ 115,341	\$ 4,920,010



**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
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,413,161	\$ 2,283,603	\$ 68,913	\$ 3,765,677
Other	12,563	2,520	-	15,083
Total operating revenues	<u>1,425,724</u>	<u>2,286,123</u>	<u>68,913</u>	<u>3,780,760</u>
<b>OPERATING EXPENSES</b>				
Wages and benefits	881,954	215,188	-	1,097,142
Administrative fees	-	261,437	-	261,437
Operations and maintenance	366,770	1,430,122	76,854	1,873,746
Depreciation and amortization	<u>220,669</u>	<u>37,690</u>	<u>-</u>	<u>258,359</u>
Total operating expenses	<u>1,469,393</u>	<u>1,944,437</u>	<u>76,854</u>	<u>3,490,684</u>
Operating income (loss)	<u>(43,669)</u>	<u>341,686</u>	<u>(7,941)</u>	<u>290,076</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	12,991	4,494	3,176	20,661
Interest and fiscal charges	(23,966)	-	-	(23,966)
Equity in income of joint venture	-	156,654	-	156,654
Grant revenues	145	-	-	145
Gain on disposal of assets	<u>3,160</u>	<u>-</u>	<u>-</u>	<u>3,160</u>
Total nonoperating revenues (expenses)	<u>(7,670)</u>	<u>161,148</u>	<u>3,176</u>	<u>156,654</u>
Income (loss) before transfers	<u>(51,339)</u>	<u>502,834</u>	<u>(4,765)</u>	<u>446,730</u>
Transfers in	165,000	-	-	165,000
Transfers out	<u>-</u>	<u>(181,666)</u>	<u>-</u>	<u>(181,666)</u>
Change in net position	113,661	321,168	(4,765)	430,064
Total net position, beginning	<u>1,684,878</u>	<u>2,684,962</u>	<u>120,106</u>	<u>4,489,946</u>
Total net position, ending	<u>\$ 1,798,539</u>	<u>\$ 3,006,130</u>	<u>\$ 115,341</u>	<u>\$ 4,920,010</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	\$ 1,424,324	\$ 2,239,865	\$ 68,707	\$ 3,732,896
Payments to suppliers of goods and services	(374,336)	(1,374,810)	(76,854)	(1,826,000)
Payments to employees for services	(858,983)	(203,686)	-	(1,062,669)
Payment for interfund services	-	(261,437)	-	(261,437)
Net cash provided (used) by operating activities	191,005	399,932	(8,147)	582,790
Cash flows from noncapital financing activities				
Transfers to other funds	165,000	-	-	165,000
Transfers to other funds	-	(181,666)	-	(181,666)
County, state and federal grants	145	-	-	145
Changes to interfund receivables and payables	(141,595)	-	-	(141,595)
Net cash provided (used) by noncapital financing activities	23,550	(181,666)	-	(158,116)
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	3,160	-	-	3,160
Purchases of capital assets	(75,800)	(48,718)	-	(124,518)
Interest and fiscal charges paid on capital debt	(23,966)	-	-	(23,966)
Net cash used by capital and related financing activities	(96,606)	(48,718)	-	(145,324)
Cash flows from investing activities				
Sale (purchase) of investments	-	-	(1,852)	(1,852)
Investment income	12,991	4,494	3,176	20,661
Net cash provided by investing activities	12,991	4,494	1,324	18,809
Net increase (decrease) in cash and cash equivalents	130,940	174,042	(6,823)	298,159
Cash and cash equivalents - beginning of year	602,131	211,820	66,317	880,268
Cash and cash equivalents - end of year	\$ 733,071	\$ 385,862	\$ 59,494	\$ 1,178,427
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ (43,669)	\$ 341,686	\$ (7,941)	\$ 290,076
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation and amortization	220,669	37,690	-	258,359
(Increase) decrease in receivables	(1,545)	(46,258)	(206)	(48,009)
(Increase) decrease in inventory and prepaid items	(4,143)	-	-	(4,143)
Increase (decrease) in liabilities	19,693	66,814	-	86,507
Net cash provided (used) by operating activities	\$ 191,005	\$ 399,932	\$ (8,147)	\$ 582,790

## **STATISTICAL SECTION**



**For Fiscal Year Ended June 30, 2020**



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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Governmental activities										
Net investment in capital assets	\$131,608	\$121,879	\$68,475	\$70,308	\$64,825	\$60,998	\$56,505	\$57,483	\$56,770	\$55,550
Restricted	2,141	8,495	8,859	5,616	4,030	3,633	5,878	2,364	2,897	4,151
Unrestricted	22,584	17,107	20,424	16,245	16,398	15,199	20,496	20,391	17,716	14,273
Total governmental net position	156,333	147,481	97,758	92,169	85,253	79,830	82,879	80,238	77,383	73,974
Business-type activities										
Net investment in capital assets	67,590	69,011	66,553	66,627	71,916	63,107	62,237	56,679	55,047	55,429
Restricted	269	1,546	1,919	2,803	296	599	2,303	3,215	-	1,005
Unrestricted	49,376	41,667	28,097	25,233	20,862	24,469	24,284	24,892	25,052	16,389
Total business-type net position	117,235	112,224	96,569	94,663	93,074	88,175	88,824	84,786	80,099	72,823
Primary government										
Net investment in capital assets	199,198	190,890	135,028	136,935	136,741	124,105	118,742	114,162	111,817	110,979
Restricted	2,410	10,041	10,778	8,419	4,326	4,232	8,181	5,579	2,897	5,157
Unrestricted	71,960	58,774	48,521	41,478	37,260	39,668	44,780	45,283	42,768	30,662
Total primary government net position	\$273,568	\$259,705	\$194,327	\$186,832	\$178,327	\$168,005	\$171,703	\$165,024	\$157,482	\$146,798



**SCHEDULE 2 - CHANGE IN NET POSITION**  
**Last Ten Fiscal Years**

*Accrual basis of accounting*  
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Expenses</b>										
Governmental activities										
General government	\$10,547	\$11,048	\$8,858	\$8,988	\$8,192	\$8,195	\$8,279	\$7,406	\$8,984	\$10,198
Public safety	23,740	23,587	19,238	20,510	19,661	17,450	17,996	16,356	16,679	17,790
Highways and public improvements	8,798	7,993	6,253	6,842	6,870	6,291	6,837	8,666	7,880	7,277
Parks, recreation, and culture	9,058	9,158	9,931	8,682	8,444	8,030	7,947	7,539	7,068	7,480
Debt service - interest and fiscal charges	335	350	335	323	317	303	336	384	440	548
Total governmental expenses	52,478	52,136	44,615	45,345	43,484	40,269	41,395	40,351	41,051	43,293
Business-type activities										
Water	5,365	4,864	4,828	4,755	4,560	4,399	4,139	4,128	4,085	4,887
Wastewater	5,282	4,464	6,748	5,612	3,425	3,555	3,412	3,354	3,255	2,732
Power	32,730	31,635	32,142	32,080	32,429	32,613	32,412	30,312	31,190	32,432
Murray parkway	1,493	1,501	1,382	1,729	1,295	1,394	1,290	1,260	1,697	1,614
Telecom	77	72	83	68	84	69	71	63	33	-
Solid waste	1,945	1,714	1,616	1,571	1,323	1,229	1,189	1,127	1,050	942
Storm water	2,990	2,709	2,614	2,457	2,342	2,452	2,240	1,918	1,885	1,691
Total business-type activities expenses	49,882	46,959	49,413	48,272	45,458	45,711	44,753	42,162	43,195	44,298
Total primary government expenses	\$102,360	\$99,095	\$94,028	\$93,617	\$88,942	\$85,980	\$86,148	\$82,513	\$84,246	\$87,591
<b>Program revenues</b>										
Governmental activities										
Charges for services										
General government	\$3,360	\$5,534	\$3,159	\$3,545	\$3,680	\$3,340	\$3,338	\$3,090	\$3,423	\$6,149
Public safety	2,019	2,608	2,123	2,176	1,808	1,661	1,531	900	1,183	1,500
Highways & public improvements	-	1,810	-	-	-	63	71	58	99	78
Parks, recreation, and culture	1,387	1,988	1,779	1,777	2,025	1,739	1,695	1,616	1,775	1,925
Operating grants and contributions	6,019	-	2,527	2,638	2,514	3,306	-	5,085	4,478	1,385
Capital grants & contributions	3,616	4,780	429	2,239	1,496	213	4,606	626	2,087	2,472
Total governmental program revenues	16,401	16,720	10,017	12,375	11,523	10,322	11,241	11,375	13,045	13,509
Business-type activities										
Charges for services										
Water	7,286	6,046	5,751	5,802	5,476	5,245	5,497	5,938	6,373	5,989
Wastewater	5,092	4,833	4,743	4,878	4,815	4,600	4,371	4,196	4,348	4,072
Power	36,258	37,853	37,389	37,254	38,173	36,824	37,514	37,990	37,628	36,329
Murray parkway	1,426	1,254	1,252	1,180	1,274	1,394	1,320	1,460	1,563	1,347
Telecom	69	74	84	68	84	71	71	67	34	-
Solid waste	2,286	1,793	1,659	1,605	1,485	1,385	1,369	1,212	1,010	962
Storm water	1,915	1,918	1,879	1,650	1,641	1,617	1,864	1,757	1,403	1,433
Operating Grants & Contributions	25	-	-	-	-	-	-	-	-	-
Capital grants & contributions	1,794	3,309	256	702	167	178	38	743	833	2,860
Total business-type program revenues	56,151	57,080	53,013	53,139	53,115	51,314	52,044	53,363	53,192	52,992
Total primary government program revenues	\$72,552	\$73,800	\$63,030	\$65,514	\$64,638	\$61,636	\$63,285	\$64,738	\$66,237	\$66,501
<b>Net (expense)/revenue</b>										
Governmental activities	\$(36,077)	\$(35,416)	\$(34,598)	\$(32,970)	\$(31,961)	\$(29,947)	\$(30,154)	\$(28,976)	\$(28,006)	\$(29,783)
Business-type activities	6,269	10,121	3,600	4,867	7,657	5,603	7,291	11,201	9,997	8,694
Total primary government net expense	\$(29,808)	\$(25,295)	\$(30,998)	\$(28,103)	\$(24,304)	\$(24,344)	\$(22,863)	\$(17,775)	\$(18,009)	\$(21,089)



## SCHEDULE 2 - CHANGE IN NET POSITION (continued)

### Last Ten Fiscal Years

*Accrual basis of accounting*

(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>General revenues &amp; other changes in net position</b>										
Governmental activities										
Taxes										
Sales taxes	\$22,327	\$20,769	\$20,320	\$19,434	\$17,596	\$14,181	\$13,548	\$12,916	\$12,847	\$12,800
Property taxes	13,194	13,475	10,996	11,093	11,031	11,052	10,293	10,299	10,076	9,823
Franchise taxes	4,301	4,459	4,630	4,666	4,794	4,724	4,932	4,993	4,849	4,925
Investment income	937	1,007	455	391	232	171	120	203	296	310
Gain/(loss) on sale & disposal of assets	64	69	(2)	57	82	31	57	94	11	-
Miscellaneous	402	260	292	608	417	349	279	277	207	196
Rent, transfers & miscellaneous	3,704	1,374	3,599	3,638	3,231	4,173	3,565	3,606	3,130	3,622
Total governmental activities	<u>44,929</u>	<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>
Business-type activities										
Investment income	1,035	1,076	626	408	383	308	288	287	245	183
Equity investment income	1,384	1,173	-	-	-	-	-	-	-	-
Gain/(loss) on sale & disposal of assets	27	83	(105)	3	90	50	25	31	163	(17)
Rent & transfers	(3,704)	(1,374)	(3,599)	(3,638)	(3,231)	(4,173)	(3,565)	(3,606)	(3,130)	(3,622)
Total business-type activities	<u>(1,258)</u>	<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>
Total primary government	<u>\$43,671</u>	<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>
<b>Change in net position</b>										
Governmental activities	\$8,852	\$5,997	\$5,692	\$6,917	\$5,422	\$4,734	\$2,640	\$3,412	\$3,410	\$1,893
Business-type activities	5,011	11,079	522	1,640	4,899	1,788	4,039	7,913	7,275	5,238
Total primary government	<u>\$13,863</u>	<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>

Note: From FY2014 to FY2017 the state auditor required E911 fees passed to VECC to be recorded as an expense and revenue for Public Safety.  
Prior to FY2019 change in equity for Joint ventures was recorded as a decrease to operating expense.





### SCHEDULE 3 - FUND BALANCES OF GOVERNMENTAL FUNDS

#### Last Ten Fiscal Years

*Modified accrual basis of accounting*  
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General fund										
Nonspendable	\$ 13	\$ 13	\$ 52	\$ 129	\$ 173	\$ 148	\$ 123	\$ -	\$ 235	\$ -
Restricted	121	58	121	340	104	258	163	363	1,917	2,159
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	11,758	11,382	10,164	8,797	9,280	8,624	8,440	9,638	9,150	10,546
Total General Fund	<u>\$11,892</u>	<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>
All other governmental funds										
Nonspendable	\$ 39	\$ 681	\$ 35	\$ 39	\$ 36	\$ 34	\$ 16	\$ -	\$ -	\$ 20
Restricted	2,020	8,438	8,651	5,260	3,926	3,374	5,715	1,481	461	1,472
Committed	1,399	1,349	1,433	1,420	1,354	1,046	1,404	1,359	1,316	1,322
Assigned	18,227	13,436	14,193	12,016	10,999	11,282	10,368	9,897	6,223	3,361
Total all other governmental funds	<u>\$21,685</u>	<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>



## SCHEDULE 4 - CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

### Last Ten Fiscal Years

Modified accrual basis of accounting  
(Amounts expressed in thousands)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Revenues</b>										
Taxes & special assessments	\$39,822	\$38,703	\$35,946	\$35,193	\$33,421	\$29,956	\$28,773	\$28,208	\$27,625	\$27,442
Licenses & permits	2,171	1,830	1,776	2,088	1,989	1,530	1,400	1,380	1,526	1,439
Intergovernmental	5,999	6,018	2,709	3,974	3,372	2,905	4,417	5,085	4,478	3,423
Administrative fees	-	-	-	-	-	-	-	3,025	2,994	2,742
Charges for services	3,292	3,785	3,720	3,479	3,419	2,944	2,892	2,575	3,057	3,514
Fines & forfeitures	1,044	1,287	1,245	1,347	1,623	1,810	1,938	1,710	1,897	1,958
Emergency 911 Fees	-	-	-	475	466	448	424	-	-	-
Miscellaneous	480	417	292	608	418	349	279	278	207	196
Investment Income	885	949	426	371	220	163	113	194	286	306
Total revenues	53,693	52,989	46,114	47,535	44,928	40,105	40,236	42,455	42,070	41,020
<b>Expenditures</b>										
General government	7,700	8,240	6,767	6,659	6,374	6,355	6,169	8,561	9,697	7,952
Public safety	22,145	21,674	18,597	18,993	18,371	17,483	17,387	16,424	15,987	16,719
Highways & public improvements	6,320	5,645	4,220	4,598	4,790	4,536	6,190	6,496	6,204	4,657
Parks, recreation and culture	7,859	7,951	9,106	7,579	7,660	7,238	5,785	6,957	6,325	6,657
Capital outlay	12,281	9,187	7,720	12,603	5,910	6,608	3,315	3,377	2,883	1,058
Debt service										
Principal	790	771	511	4,376	2,008	1,565	1,289	1,524	1,754	2,634
Interest	475	499	434	420	349	331	353	410	475	589
Bond issuance costs	-	-	-	-	-	-	-	-	-	-
Pledge payment - UTOPIA	1,819	1,783	1,748	1,714	1,680	1,647	1,615	1,584	1,661	1,123
Total expenditures	59,389	55,750	49,103	56,942	47,142	45,763	42,103	45,333	44,986	41,389
Excess of revenues over (under) expenditures	(5,696)	(2,761)	(2,989)	(9,407)	(2,214)	(5,658)	(1,867)	(2,878)	(2,916)	(369)
<b>Other financing sources (uses)</b>										
Proceeds from borrowing	-	-	5,898	7,521	-	-	1,343	-	-	-
Capital lease financing	-	-	-	-	-	-	420	96	-	-
Transfers in	13,064	11,263	17,048	9,632	8,583	8,255	8,471	10,923	7,261	4,824
Transfers out	(9,304)	(7,873)	(13,448)	(5,694)	(5,346)	(4,074)	(4,906)	(7,317)	(4,131)	(1,202)
Sales of capital assets	156	78	40	77	82	16	29	1,363	208	886
Total other financing sources (uses)	3,916	3,468	9,538	11,536	3,319	4,197	5,357	5,065	3,338	4,508
Net change in fund balances	\$(1,780)	\$707	\$6,549	\$2,129	\$1,105	\$(1,461)	\$3,490	\$2,187	\$422	\$4,139
Debt service as a % of noncapital expenditures	6.55%	6.56%	6.51%	14.68%	9.79%	9.05%	8.40%	8.38%	9.24%	10.78%

#### Notes:

- 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
2020	\$12,403,798	\$3,667,147	\$22,153,402	\$4,301,199	\$173,159	\$42,698,705
2019	12,838,377	2,861,642	20,553,204	4,458,730	215,878	40,927,831
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

\*Note: In FY 2016, the city passed a 0.2% sales tax authorized by the Utah State Legislature. In fiscal year 2019, as authorized by the State Legislature the City passed .15% sales tax increase proceeds of which are dedicated to transportation projects. The City receives .25% of the .15%, the remaining amount goes to other entities.

\*\*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
2019	2020	\$5,306,491,938	\$7,697,839,939	68.93%	0.001785	0.000464
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

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

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



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

Tax Year	Fiscal Year	Murray City	Murray City Library	Murray School District	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation
2019	2020	0.001785	0.000464	0.006345	0.001933	0.000133	0.000400
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

Source: Utah State Tax Commission – Property Tax Division ([www.taxrates.utah.gov](http://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
2019	2020	\$9,188,763	\$9,155,416	99.64%	-	\$9,155,416	99.64%
2018	2019	9,096,000	9,367,632	102.99%	122,971	9,490,603	104.34%
2017	2018	6,173,908	6,236,623	101.02%	161,477	6,398,100	103.63%
2016	2017	6,081,431	6,165,882	101.39%	119,868	6,285,750	103.36%
2015	2016	6,044,982	6,105,217	101.00%	158,409	6,263,626	103.62%
2014	2015	6,003,221	6,072,274	101.15%	104,855	6,177,130	102.90%
2013	2014	6,014,202	5,964,588	99.18%	117,299	6,081,886	101.13%
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%

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, 2020 and 2013**

Taxpayer	Business Type	2020			2013		
		Taxable Value	Rank	Percentage of Total Taxable Value	Taxable Value	Rank	Percentage of Total Taxable Value
Fashion Place SA LLC	Retail	\$278,920,700	1	4.9%	\$97,824,500	1	3.1%
IHC Health Services 5121 S Cottonwood	Office	95,680,670	2	1.7%	92,753,760	2	2.9%
5300 Development LLC	Office	47,514,400	3	0.8%			
Sreit Avida, LLC	Housing	45,733,400	4	0.8%	27,496,100	3	0.9%
The Pointe @ 53rd LLC	Retail	38,710,100	5	0.7%	18,858,510	4	0.6%
Stillwater Apartments	Housing	33,475,860	6	0.6%	15,624,455	6	0.5%
Mig Cobble Creek, Llc	Housing	32,789,515	7	0.6%	16,991,460	5	0.5%
Murray Crossing LLC	Housing	30,538,394	8	0.5%			
IHC Health Services 5383 S Green	Office	27,471,600	9	0.5%		12	
IHC Health Services Inc 181 E Medical Tower	Industrial	27,370,600	10	0.5%			
Tio Milestone James Pointe	Housing	24,839,815	12	0.4%	13,870,800	7	0.4%
5300 South Center LLC	Office	21,100,100	15	0.4%	13,280,500	8	0.4%
Bridge Office Building Salt Lake City LP	Office	19,583,900	16	0.3%	13,012,670	9	0.4%
Westminster-Fashion Place LLC	Retail	14,182,100	28	0.2%	12,974,200	10	0.4%
		<u>\$737,911,154</u>		<u>12.8%</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, 2020 and 2011

Taxpayer	2020		2011	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Retail	1	7.38%	1	11.01%
Vehicle Sales	2	3.49%	4	3.60%
Retail	3	2.46%		
Vehicle Sales	4	2.34%	5	2.89%
Vehicle Sales	5	2.32%	8	2.50%
Vehicle Sales	6	2.17%	9	2.06%
Retail	7	2.14%	6	2.65%
Vehicle Sales	8	2.11%	11	1.82%
Vehicle Sales	9	1.90%	15	1.58%
Retail	10	1.66%	2	4.47%
Furnishing	11	1.65%	3	4.16%
Vehicle Sales	12	1.63%		
Vehicle Sales	13	1.43%		
Retail	14	1.40%		
Retail	15	1.35%	13	1.69%
Wholesale Trade	16	1.26%		
Vehicle Sales	17	1.21%		
Retail	18	1.20%	10	1.88%
Online Retail	19	1.19%		
Retail	20	1.12%	7	2.52%
Total		41.40%		42.83%

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
2020	1.20%	1.40%	4.85%
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%

Source: Utah State Tax Commission – Sales Tax Division ([www.taxrates.utah.gov](http://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			
2020	\$12,360,496	\$ -	\$16,223,458	\$ -	\$28,583,954	1.11%	\$ 584
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

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	\$31,825,000	100.00%	\$31,825,000
Salt Lake County General Obligation Debt	190,200,000	4.840%	9,205,680
Other debt			
Salt Lake County Sales Tax Bonds	181,400,000	4.54%	8,235,560
Salt Lake County Lease Revenue Bonds	71,700,000	4.54%	3,255,180
Salt Lake County Capital Leases	200,000	4.54%	9,080
Salt Lake County Transportation Rev. Bonds	85,400,000	4.54%	3,877,160
Salt Lake County Notes Payable	79,000,000	4.54%	3,586,600
Murray City Schools Lease Revenue Bonds	5,219,000	100.00%	5,219,000
Subtotal, overlapping debt			65,213,260
Murray City direct debt			12,360,496
Total direct and overlapping debt			<u>\$77,573,756</u>

Sources: Murray School District and Salt Lake County CAFR(s) for the latest available fiscal year (FY 2019)

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)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Debt limit										
General (4% Fair Cash Value)	\$307,914	\$281,730	\$258,182	\$237,794	\$219,104	\$207,780	\$196,347	\$189,156	\$193,135	\$196,018
Water and Sewer (4% Fair Cash Value)	307,914	281,730	258,182	237,794	219,104	207,780	196,347	189,156	193,135	196,018
Total 8% Debt Limit	615,827	563,460	516,365	475,588	438,207	415,560	392,695	378,312	386,269	392,037
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	\$615,827	\$563,460	\$516,365	\$475,588	\$438,207	\$415,560	\$392,695	\$378,312	\$386,269	\$392,037
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	\$563,460.48									

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			
2020	\$22,326,561	\$790,000	\$471,646	17.70		
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		

Electric Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2020	\$37,048,593	\$29,695,742	\$7,352,851	\$-	\$-	N/A
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

Water and Sewer Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2020	\$13,845,744	\$8,747,417	\$5,098,327	\$659,000	\$115,811	6.58
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

Storm Water Revenue Bonds						
Fiscal Year	Utility Revenues(1)	Less Utility Expenses(2)	Total Available Revenue	Debt Service		Coverage
				Principal	Interest	
2020	\$1,947,820	\$1,531,935	\$415,885	\$235,000	\$141,892	1.10
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)
2020	48,917	\$ 2,574,941,963	\$ 52,639	6.5%
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%

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, 2020 and 2011**

Employer	Industry Type	2020		2011	
		Rank	Employees	Rank	Employees
Intermountain Medical Center	Health Care Hospital	1	6999*	1	4463
SelectHealth	Health Care- Insurance	T-2	1999*	4	800
Sutter Health	Health Care	T-2	1999*		
Murray City School District	Public Education	4	1200	2	894
IHC Health Services - TOSH	Health Care - Hospital	5	999*	5	757
Murray City Corporation	City Government	6	560	3	848
IHC Health Services	Health Care- Medical Lab	7	378		
3M Health Information Systems	Data Processing Services	8	350	7	377
Nordstrom, Inc.	Retailer	9	301	9	291
Costco Wholesale Corp	Retailer	10	289	8	331

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									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
General Government	60	57	68	64	63	63	62	61	61	60
Police										
Officers	80	83	76	78	76	72	70	74	73	79
Civilians	11	8	9	9	11	12	11	12	10	12
Fire										
Firefighters	62	59	63	62	63	59	55	59	58	60
Civilians	2	2	1	1	1	1	1	1	1	2
Highways & Public Improvements	30	31	28	29	27	28	27	27	28	34
Parks & Recreation	35	37	35	38	35	35	34	33	33	33
Library	11	9	11	12	11	11	12	10	11	9
Community & Economic Development	7	7	6	6	7	7	7	6	6	5
Central Garage	4	4	4	4	4	4	4	4	4	4
Power	47	46	46	45	46	46	46	46	46	52
Water	21	18	17	17	17	17	17	16	16	16
Wastewater	8	7	8	8	7	8	7	8	8	8
Golf Course	6	6	6	7	7	7	7	7	7	8
Solid Waste	2	2	2	2	1	0	0	0	0	0
Storm Water	8	7	8	8	7	8	7	7	7	7
Total Full Time Equivalent Employees	394	383	388	390	378	367	371	369	389	402
Seasonal (Part Time) Employees	166	315	305	332	424	385	426	477	459	514
Total Employees	560	698	693	722	802	752	797	846	848	916

Source – Murray City Payroll System





**SCHEDULE 19 – OPERATING INDICATORS BY FUNCTION**  
**Last Ten Fiscal Years**

	Fiscal Year Ended June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
<b>Function/Program</b>										
Police										
Physical arrests	478	1,733	2,997	1,897	3,602	1,899	2,175	3,752	2,436	2,484
Traffic citations	1,951	5,383	9,378	7,438	5,242	5,615	8,231	5,508	6,847	8,694
Fire calls	1,203	1,282	1,458	1,381	1,354	1,260	1,156	1,194	1,622	1,231
Medical calls	4,856	4,934	5,339	5,125	4,842	4,313	4,117	4,177	3,515	3,781
Inspections	1,799	1,633	1,249	1,553	1,399	1,149	1,694	1,448	1,673	2,017
Parks & recreation										
Park center admissions	34,393	45,636	42,255	39,164	36,211	33,536	34,839	29,839	35,691	38,451
Outdoor pool admissions	29,333	31,364	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Recreation participants	9,916	15,200	16,730	17,583	17,604	15,777	13,768	13,089	14,219	14,242
Heritage Center										
Participants	1,375	1,627	1,525	1,478	1,734	1,947	1,993	1,871	1,941	1,894
Activity Participation	53,530	73,045	71,712	73,752	76,841	76,098	76,330	76,607	81,212	84,485
Library										
Volumes in collection	61,899	91,001	69,477	71,133	75,914	78,759	74,971	69,734	77,069	85,100
Total volumes borrowed	332,472	461,920	475,394	499,292	548,060	611,149	611,633	572,997	568,372	524,487
Visitors	218,277	317,717	346,685	371,330	395,481	425,507	357,461	N/A	N/A	N/A
Water										
Customers Residential	9,064	8,929	8,912	8,858	8,761	8,716	8,674	8,644	8,611	8,602
Customers Commercial	1,551	1,527	1,516	1,493	1,389	1,372	1,360	1,353	1,345	1,344
Annual consumption (in millions of gallons)	3,976	3,206	2,834	2,827	2,758	2,583	3,066	3,018	2,841	2,650
Wastewater										
Customers Residential	8,600	8,520	8,450	8,419	8,376	8,334	8,300	8,173	8,147	8,142
Customers Commercial	1,203	1,196	1,187	1,171	1,163	1,150	1,141	1,058	1,047	1,046
Power										
Customers Residential	15,426	15,098	14,819	14,651	14,688	14,573	14,429	14,209	13,619	13,576
Customers Commercial	3,381	3,066	3,247	3,204	3,179	3,193	3,149	3,147	3,125	3,125
Peak demand (KW)	100,105	102,938	102,290	103,053	102,460	107,120	103,478	101,838	98,100	97,490
Internal generation (MWH)	13,531	14,691	9,845	11,457	13,846	17,913	18,096	9,465	19,523	17,546
Purchased power (MWH)	390,797	396,363	410,237	415,474	416,299	410,606	407,148	426,388	419,388	412,943

Source – The applicable departments of Murray City  
N/A Data unavailable



**SCHEDULE 20 – CAPITAL ASSETS BY FUNCTION**  
**Last Ten Fiscal Years**

Function/Program	Fiscal Year Ending June 30,									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Patrol units	43	43	43	44	43	42	39	40	40	41
Public works										
Streets(miles)	151	150	148	148	147	147	147	147	147	144
Streetlights	2,739	2,739	2,754	2,711	2,701	2,669	2,670	2,639	2,608	2,584
Streetlights - LED	76	76	-	-	-	-	-	-	-	-
Parks & recreation										
Acreage	254	254	254	252	252	252	252	252	252	252
Parks	12	12	11	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	193	197	199	198	197	197	197	197	192
Wastewater										
Sanitary sewers(miles)	133	133	131	132	129	128	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

Source- Murray City GIS

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, 2020**



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  
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TED C. GARDINER, CPA  
JEFFREY B. MILES, CPA  
SHAWN F. MARTIN, 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, 2020, 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 27, 2020.

***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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be 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 financial statement. 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 27, 2020



COMMITTED. EXPERIENCED. TRUSTED

**CERTIFIED PUBLIC  
ACCOUNTANTS**

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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, for the year ended June 30, 2020.

State compliance requirements were tested for the year ended June 30, 2020 in the following areas:

Budgetary Compliance  
Fund Balance  
Justice Courts  
Restricted Taxes and Related Restricted Revenues  
Open and Public Meetings Act  
Fraud Risk Assessment  
Cash Management

***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, 2020.

### ***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.

*HBME, LLC*

November 27, 2020