



Murray Parkway Golf Course (2017)



Murray City

Comprehensive Annual

Financial Report

For Fiscal Year Ended June 30, 2017

Comprehensive Annual Financial Report

For Fiscal Year Ended June 30, 2017

Murray City Finance Department

Danyce Steck, CPFO - Director of Finance
Brenda Moore, CPA – Controller
Nathanael Plaizier – Senior Accountant
JoAnn Miller – Payroll Coordinator
Weina Qiu – Accounts Payable Technician



MURRAY CITY CORPORATION



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INTRODUCTORY SECTION



For Fiscal Year Ended June 30, 2017



Murray City Finance Department
5025 South State Street, Murray, Utah 84107
(801) 264-2669
dsteck@murray.utah.gov

Danyce Steck, CPFO – Finance Director

November 27, 2017

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, 2017, is submitted herewith. Utah state law requires that the Finance Director in cities of the first and second class shall present to the governing body an annual financial report prepared in conformity with generally accepted accounting principles (GAAP), and audited in accordance with generally accepted auditing standards by a firm of licensed, certified public accounts. This report, which fulfills these requirements, was prepared by the Murray City Finance Department.

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

The City's financial statements have been audited by Keddington & Christensen LLC, a firm of licensed certified public accountants. The goal of the independent audit was to prove reasonable assurance that the financial statements of the City for the fiscal year ended June 30, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The report of the independent auditor is presented as the first component of the financial section of this report.

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

Profile of the Government

Murray City, incorporated in 1903, is located in the central portion of Salt Lake County, approximately eight miles south of Salt Lake City. The City currently occupies a land area of about 11 square miles and serves a population of about 50,000. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It is also empowered by state statute to impose a 1.2 percent local option sales tax on all retail sales.

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

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

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

Factors Affecting Financial Conditions

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

Local Economy

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

Long-term Financial Planning

Murray City continues to use a capital improvement plan (CIP) for capital construction 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. Because of this framework, there is now continuous emphasis on capital improvements.

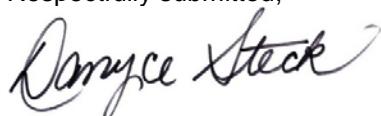
Awards and Acknowledgements

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, 2016. This was the thirty-sixth 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 an 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 unfailing support and for maintaining the highest standards of professionalism in the management of Murray City's finances.

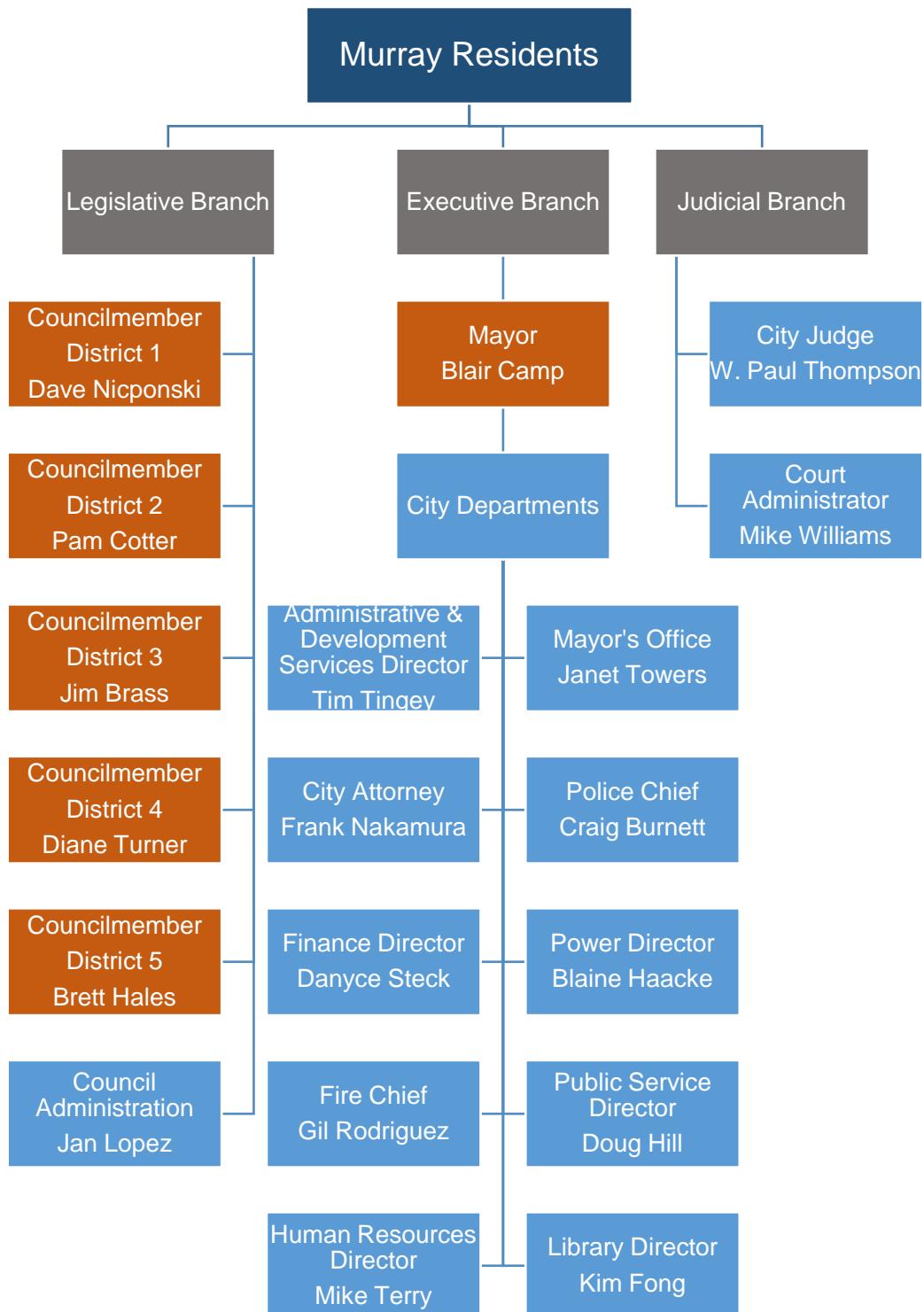
Respectfully submitted,



Danyce Steck, CPFO
Finance Director



ORGANIZATIONAL CHART





ELECTED OFFICIALS AND ADMINISTRATION

Elected Officials

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

Appointed by Mayor and Council

City Attorney	Frank Nakamura
Municipal Court Judge	W. Paul Thompson
Finance Director / Budget Officer	Danyce Steck
City Treasurer	Wendell Coombs
City Recorder	Jennifer Kennedy

Executive Team

Interim Mayor	Blair Camp
Deputy Mayor	Janet Towers
Administrative and Development Services Director	Tim Tingey
City Attorney	Frank Nakamura
Courts Administrator	Mike Williams
Finance Director / Budget Officer	Danyce Steck
Fire Chief	Gil Rodriguez
Human Resources Director	Mike Terry
Library Director	Kim Fong
Police Chief	Craig Burnett
Power Director	Blaine Haacke
Public Services Director	Doug Hill



ORGANIZATIONAL LIST – DIVISION LEVEL

The following lists the divisions by department.

Administrative & Development Services (ADS)

- Administration
- Building Division
- Community & Economic Development
- Geographic Information Systems (GIS)
- Information Technology (IT)
- Recorder's Office
- Redevelopment Agency
- Treasurer's Office

City Attorney

- Civil Division
- Criminal Division
- Risk Management

Courts

Finance Department

Fire Department

- Administration
- Emergency Medical Services
- Fire Suppression

Human Resources

Library

Mayor's Office

Police Department

- Administration
- Community Services
- Investigations
- Patrol

Power Department

Public Services

- Cemetery
- Class C Roads
- Engineering
- Facilities
- Fleet Maintenance
- Heritage Center
- Murray Parkway
- Outdoor Pool
- Parks
- Park Center
- 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

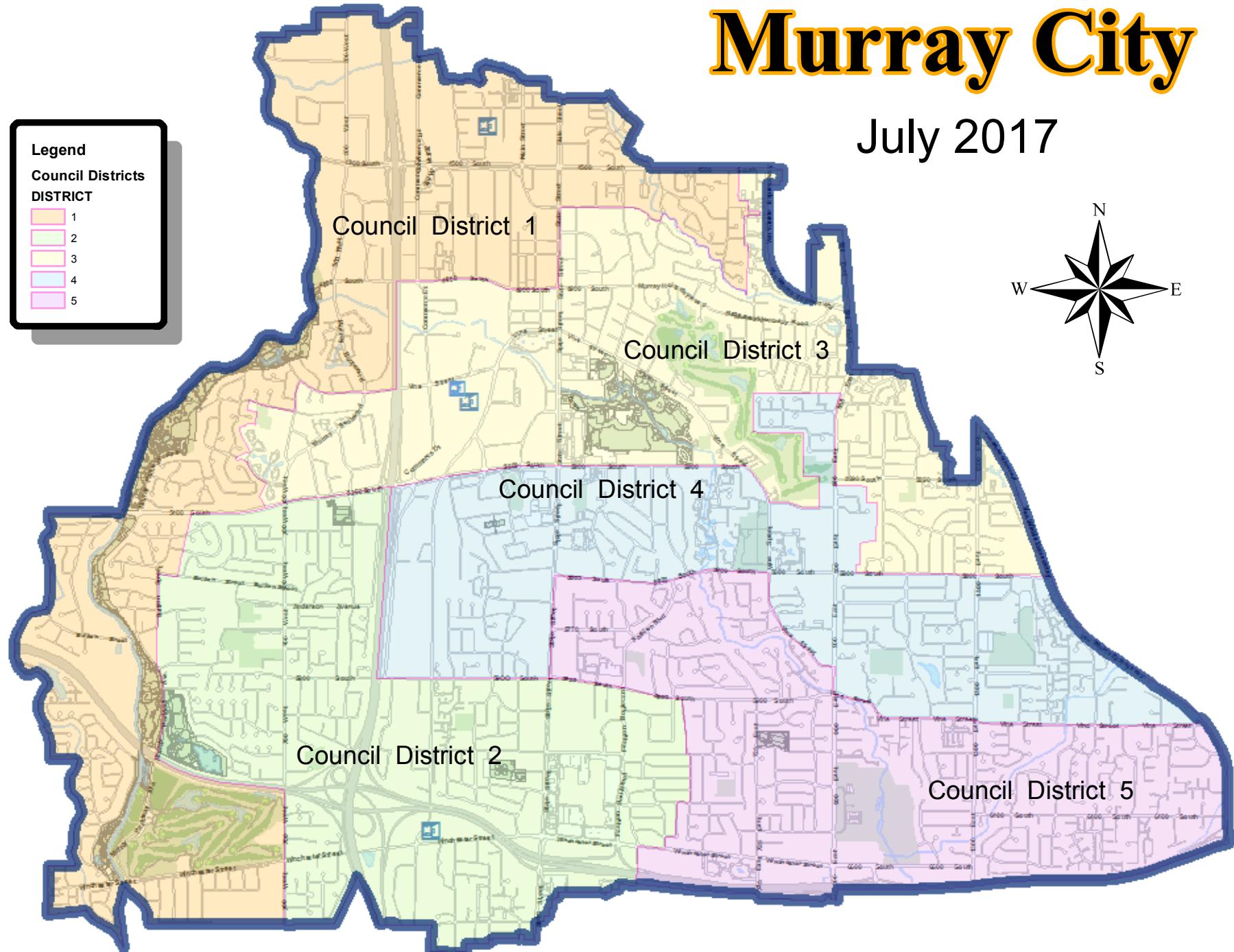
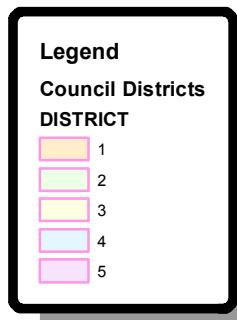
June 30, 2016

A handwritten signature in black ink that reads "Jeffrey P. Evans". The signature is fluid and cursive, with "Jeffrey" on the top line and "P. Evans" on the bottom line.

Executive Director/CEO

Murray City

July 2017



FINANCIAL SECTION



For Fiscal Year Ended June 30, 2017



Keddington & Christensen
Certified Public Accountants, LLC

Gary K. Keddington, CPA
Phyl R. Warnock, CPA
Marcus K. Arbuckle, CPA

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and
Members of City Council
City of Murray
Murray, 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 the City of Murray as of and for the year ended June 30, 2017, 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

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 an opinion 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit 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 entity'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 entity'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 the City of Murray as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Salt Lake City, Utah 84119

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, as noted on the table of contents, 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 an opinion on the financial statements that collectively comprise the City of Murray's financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining and individual nonmajor fund financial statements, and the 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 financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 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 a report dated November 27, 2017, on our consideration of the City of Murray'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 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 Murray City's internal control over financial reporting and compliance.

Keddington & Christensen, LLC

November 27, 2017



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, 2017. Readers are encouraged to consider the information presented here in conjunction with the additional information furnished in the Letter of Transmittal.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2017 by \$186,832,681 (net position). Of this amount, \$41,326,627 (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 \$8,505,907. Of this increase, \$6,916,804 (81%) is attributable to governmental activities, and \$1,589,103 to business-type activities. The City is planning for several major projects that are on the near-term horizon. In doing so, the City slowed down capital project spending and began building reserves. In addition, the City recognized an increase in several revenue sources while operational spending remained steady. The City received \$1.27 million of donated infrastructure.
- As of the close of the current fiscal year, Murray City's governmental funds reported combined ending fund balances of \$28,000,838. This is an increase of \$2,128,301 from the prior fiscal year. This increase was from the first full fiscal year of collecting the additional local option sales tax and the issuance of several large building permits. Approximately 31 percent of this total amount, \$8,797,070 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8,797,070 or 21.5 percent of actual general fund revenues. The General Fund's allowable unassigned fund balance decreased by \$482,811. This was the result of the City's dedication to pay off as much debt as possible in preparation of future bonding needs. In FY 2017, the City advanced defeased debt in the amount of approximately \$3.24 million.
- Murray City's total long-term liabilities (excluding net pension liability) increased by \$6,360,969, or 45.8 percent. This is largely due to the issuance of the Series 2016 Sales Tax Revenue Bonds, the Series 2016 Storm Water Revenue Bond, and the issuance of the available Series 2012 State-issued Sewer Revenue Bonds. The City also retired early \$3,240,000 of debt this fiscal year and paid off an additional \$1,878,000 through principal repayment.

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 other supplementary information in addition to the basic financial statements.



Government-wide Financial Statements

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

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

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

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

The government-wide financial statements can be found on pages 32-33 of this report.

Fund Financial Statements

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

A. Governmental Funds

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

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.



Fund Financial Statements (continued)

A. Governmental Funds (continued)

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

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

At June 30, 2017, the City's combined governmental fund balance is \$28,000,838. Of that balance, \$167,529 is non-spendable, \$5,599,871 is restricted, \$13,436,368 is assigned, and \$8,797.070 is unassigned. Additional detail regarding governmental fund balances can be found in Note 1 on page 54-55 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

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, and Redevelopment Agency Fund, all of which are considered major funds. Data from the other two governmental funds are combined into a single aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements in the Supplementary Information section of this report.



Fund Financial Statements (continued)

A. Governmental Funds (continued)

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 34-38 of this report.

B. Proprietary Funds

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

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

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 - water, wastewater, power, and storm water funds. Information from the other proprietary funds are combined into a single, aggregated presentation. Individual fund information is provided in the form of combined statements in the Supplementary Information section on pages 100-103 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 statement begin on page 46 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 its only major special revenue fund, which is the RDA. This section also contains required supplementary information for the City's pension program. The RSI section begins on page 86.



Fund Financial Statements (continued)

E. Other Information

In addition to the above-mentioned statements and reports, this report also presents an other 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 nonmajor funds and fiduciary fund, as well as budget to actual statements for major funds not reported as RSI. 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 90, and the statistical section begins on page 104.

Government-Wide Financial Analysis

The following table summarizes the City's net position:

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Current and other assets	\$ 43,044,571	\$ 41,324,953	\$ 36,614,578	\$ 31,708,092	\$ 79,659,149	\$ 73,033,045
Capital assets	79,274,889	70,778,843	78,713,882	79,727,866	157,988,771	150,506,709
Total assets	122,319,460	112,103,796	115,328,460	111,435,958	237,647,920	223,539,754
 Total deferred outflows of resources	 7,066,514	 5,656,841	 2,209,481	 1,761,920	 9,275,995	 7,418,761
 Long-term liabilities	 9,511,422	 5,797,024	 10,725,205	 8,078,634	 20,236,627	 13,875,658
Net pension liability	11,521,559	10,077,207	3,598,891	3,147,288	15,120,450	13,224,495
Other liabilities	5,817,246	6,958,402	7,846,947	8,385,498	13,664,193	15,343,900
Total liabilities	26,850,227	22,832,633	22,171,043	19,611,420	49,021,270	42,444,053
 Total deferred inflows of resources	 10,366,371	 9,675,432	 703,593	 512,256	 11,069,964	 10,187,688
 Net position:						
Net investment in capital assets	70,308,318	64,824,624	66,627,023	71,915,698	136,935,341	136,740,322
Restricted	5,616,066	4,030,416	2,803,311	296,063	8,403,182	4,326,479
Unrestricted	16,244,992	16,397,532	25,232,971	20,862,441	41,326,629	37,259,973
Total net position	\$ 92,169,376	\$ 85,252,572	\$ 94,663,305	\$ 93,074,202	\$ 186,832,681	\$ 178,326,774

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 \$186,832,681 as of June 30, 2017. This is an increase of \$8.51 million from the previous fiscal year.

As of June 30, 2017, the City is able to report positive balances in all three categories of net position - for the government as a whole, governmental activities, and business-type activities.



Government-Wide Financial Analysis (continued)

All funds with the exception of the Murray Parkway Golf Fund reported positive fund balances for all categories of net position. The Murray Parkway Golf Fund reports a negative unrestricted fund balance due to an interfund loan between the Power Fund and the Parkway Fund.

- *Net Investment in Capital Assets* - By far the largest portion of the City's position (73.3 percent) reflects its investments in capital assets (e.g., land, buildings, infrastructure, equipment, intangibles, and construction in progress), less any outstanding related debt used for acquisition of those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investments in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- *Restricted Net Position* - The increase in restricted net position is the direct result of unspent bond proceeds from the Series 2016 Sales Tax Revenue Bond and the Series 2016 Storm Water Revenue Bond. These amounts are restricted based on the bond covenants.
- *Unrestricted Net Position* - As mentioned in the financial highlights, the City is planning for several major projects that are on the near-term horizon. In doing so, the City slowed down capital project spending and began building reserves. In addition, the City recognized an increase in several revenue sources while operational spending remained steady. These changes will be discussed in the following section.

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

(continued on the next page)



Government-Wide Financial Analysis (continued)

The following table summarizes the City's operations:

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenues						
Program revenues						
Charges for services	\$ 7,497,478	\$ 7,513,050	\$52,436,896	\$52,947,021	\$ 59,934,374	\$ 60,460,071
Operating grants and contributions	2,637,769	2,513,522	-	-	2,637,769	2,513,522
Capital grants and contributions	2,239,420	1,496,245	702,227	167,443	2,941,647	1,663,688
General revenues						
Sales tax	19,433,656	17,596,193	-	-	19,433,656	17,596,193
Property taxes	11,092,545	11,031,403	-	-	11,092,545	11,031,403
Franchise taxes	4,666,627	4,793,748	-	-	4,666,627	4,793,748
Investment income	391,442	232,341	408,275	383,022	799,717	615,363
Gain on disposal of assets	57,192	82,049	2,573	89,912	59,765	171,961
Miscellaneous	608,200	417,495	-	-	608,200	417,495
Total revenues	<u>48,624,329</u>	<u>45,676,046</u>	<u>53,549,971</u>	<u>53,587,398</u>	<u>102,174,300</u>	<u>99,263,444</u>
Expenses						
General government	8,988,523	8,191,923	-	-	8,988,523	8,191,923
Public safety	20,509,832	19,661,381	-	-	20,509,832	19,661,381
Highways & public improvements	6,841,539	6,870,342	-	-	6,841,539	6,870,342
Parks, recreation, and culture	8,681,858	8,443,587	-	-	8,681,858	8,443,587
Debt service - interest and fiscal charges	323,481	317,364	-	-	323,481	317,364
Water	-	-	4,755,323	4,559,508	4,755,323	4,559,508
Wastewater	-	-	5,611,709	3,425,032	5,611,709	3,425,032
Power	-	-	32,080,323	32,429,067	32,080,323	32,429,067
Murray parkway	-	-	1,729,090	1,294,901	1,729,090	1,294,901
Telecommunications	-	-	67,649	84,356	67,649	84,356
Solid waste	-	-	1,571,148	1,322,628	1,571,148	1,322,628
Storm water	-	-	2,507,918	2,342,467	2,507,918	2,342,467
Total expenses	<u>45,345,233</u>	<u>43,484,597</u>	<u>48,323,160</u>	<u>45,457,959</u>	<u>93,668,393</u>	<u>88,942,556</u>
Increase (decrease) in net position before transfers	3,279,096	2,191,449	5,226,811	8,129,439	8,505,907	10,320,888
Transfers - net	3,637,708	3,230,906	(3,637,708)	(3,230,906)	-	-
Increase (decrease) in net position	<u>6,916,804</u>	<u>5,422,355</u>	<u>1,589,103</u>	<u>4,898,533</u>	<u>8,505,907</u>	<u>10,320,888</u>
Net position at beginning of year	<u>85,252,572</u>	<u>79,830,217</u>	<u>93,074,202</u>	<u>88,175,669</u>	<u>178,326,774</u>	<u>168,005,886</u>
Net position at end of year	<u>\$92,169,376</u>	<u>\$85,252,572</u>	<u>\$94,663,305</u>	<u>\$93,074,202</u>	<u>\$186,832,681</u>	<u>\$178,326,774</u>

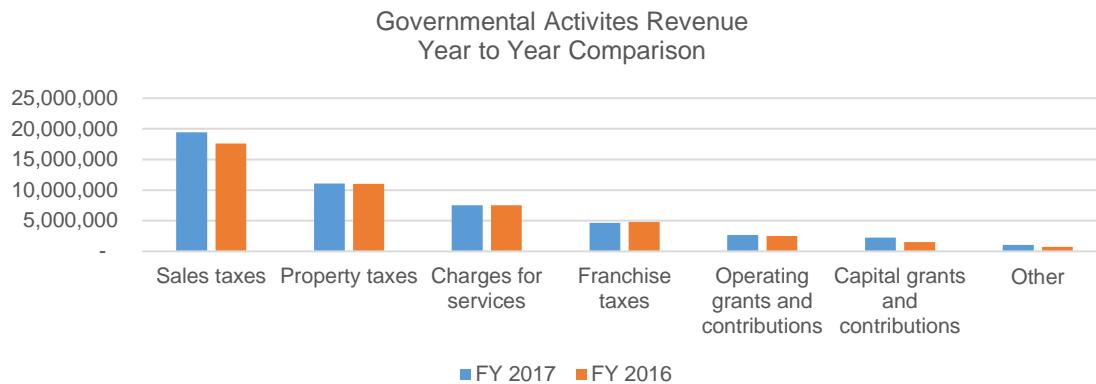
Governmental Activities – Governmental activities increased the City's net position by \$6,916,804, which is approximately \$1.5 million more than the prior year. Key elements affecting this increase in governmental activities net position are as follows:

- Total governmental activities revenue increased by \$2.95 million from the prior year. Of that amount, \$1.82 million is the result of sales tax growth. Most of that growth (\$1.12 million) was received from an optional local sales tax that was imposed in FY 2016. FY 2017 is the first full year of collection for that tax. Original sales tax revenue grew by over \$700,526 from the prior year's collection, or 4.2%.

In addition to sales tax, there was growth in capital grants and contributions in the amount of \$743,175. Most of this increase (\$416,324) is from growth in developer contributions of infrastructure, with the remainder of this growth from increased grant activity in support of the City's amphitheater improvement project and other public improvements.



Government-Wide Financial Analysis (continued)



- Total expenditures for governmental activities overall increased \$1.8 million (4.1%) over the previous year. This change is the result of increased personnel costs (wages and benefits).

Business-type Activities – Business-type activities increased the City's net position by \$1,640,451. Key elements affecting this change in business-type net position are as follows:

- Total business-type activities revenue remained constant from the prior year which is expected for established utility systems.

Total business-type activities expense increased by approximately \$2.87 million from the prior year. Most of this increase (\$2.2 million) is wastewater utility expense which was paid to Central Valley Water Reclamation Facility for the payment of the City's portion of CVWRF's outstanding debt. CVWRF will be undertaking a large facility and system rehabilitation project which will require additional resources from the partners in the joint venture. By paying this obligation off, the City intended to relieve a portion of the near future cash flow demands this project will require

Fund Financial Analysis

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

A. Governmental Funds

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

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

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



Fund Financial Analysis (continued)

A. Governmental Funds (continued)

As of June 30, 2017, the City's governmental funds reported combined fund balances of \$28,000,838. This represents an increase of \$2,128,301 from last year's ending balances. Fund balances are classified based on their purpose and availability. Below are the categories of fund balance.

- *Unassigned* – Available for spending at the City's discretion
- *Assigned* – The City intends to use this amount for specific purposes (e.g. capital projects)
- *Committed* – Committed by formal action for a specific purpose (e.g. cemetery perpetual care), and requires formal action to amend
- *Restricted* – Legally defined and not available for discretionary spending based on external restrictions
- *Non-spendable* – In a form that cannot be converted to cash (e.g. prepaid item)

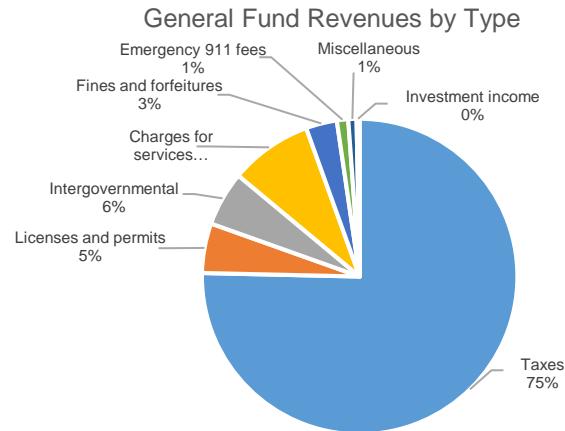
Of the total balance, the following amounts have been classified:

- *Unassigned* - \$8,797,070, or 31.4%
- *Assigned* - \$12,016,208, or 42.9%
- *Committed* - \$1,420,160
- *Restricted* - \$5,599,871, or 20.0%
- *Non-spendable* - \$167,529

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. Expenditures exceeded revenues (including other financing sources and uses) in the general fund by (\$291,436). A transfer of \$4,654,000 to the capital projects fund was completed during the fiscal year. The majority of this transfer was the local option sales tax discussed earlier. Because this type of 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. All transferred amounts have been authorized for use in the FY 2018 budget. In addition to the transfer to the capital projects fund, the general fund transferred \$34,000 to the Murray Parkway Fund to subsidize operations.

Taxes continue to be the largest source of revenue in the general fund and represent 75.4% of total general fund revenues. The largest component of tax revenue is sales tax, which represents 62.9% of total tax revenues and 47.4% of total general fund revenues. This compares with 45.5% of total general fund revenues in the prior fiscal year.





Fund Financial Analysis (continued)

A. Governmental Funds (continued)

General fund expenditures increased during fiscal year 2017 to \$40,555,610 from \$37,864,792 in 2016. Debt service payments increased by almost \$2.6 million (87%.2) as the City paid off the Series 2007 Sales Tax Revenue Bonds (\$2,845,000) in advance, and made an advance principal payment in the amount of \$395,000 on the Series 2009A Sales Tax Revenue Bonds. This was done to position the City's future cash flow requirements for the development of the downtown area over the next several years.

The street department expenditures decreased by \$808,455 (19.1%) as maintenance work funded with Class C road funds slowed down. All other changes were the result of changes in personnel costs (wages and benefits).

Capital Projects Fund

The Capital Projects Fund had a fund balance at the end of the year in the amount of \$12,715,399 which was only slightly above the fund balance of the previous year. The Capital Projects Fund received \$1.2 million dollars for the renovation of the City's amphitheater from Salt Lake County in FY 2017. In addition, the fund received \$5,145,575 in transfers in from other funds to support infrastructure and capital asset acquisition costs.

There were several on-going capital projects in FY 2017. Expenditures increased from \$4.9 million in FY 2016 to \$6.6 million in FY 2017. The majority of this increase was the result of additional road reconstruction projects and the amphitheater renovation project. The City has \$3.7 million of current outstanding construction commitments.

Redevelopment Agency Fund

During fiscal year 2017, property tax collections from redevelopment areas decreased 3.8 percent to a total of \$2,658,774 from \$2,759,197 in FY 2016. This decrease is due to a reduction in taxable values, largely in the downtown area. RDA fund balance increased \$2,171,519 to a total of \$4,020,308. A portion of this is tax increment set aside for housing, and the remaining is unspent bond proceeds from the Series 2016 Sales Tax Revenue Bond issued for the purpose of property acquisition in the downtown area. These monies will be disbursed in a future fiscal year.

Expenditures in the RDA fund increased substantially in FY 2017 due to the acquisition of property in the downtown area. Expenditures increased from \$2,714,945 in FY 2016 to \$8,160,538 in FY 2017. This expense was funded with the sales tax revenue bond proceeds and reserves. There are several parcels in the acquisition process for the next fiscal year.

Other Governmental Funds

Other governmental funds are the Library Fund and the Cemetery Perpetual Care Fund. Neither had significant changes from the prior year and the change in net position was an increase of \$177,633.

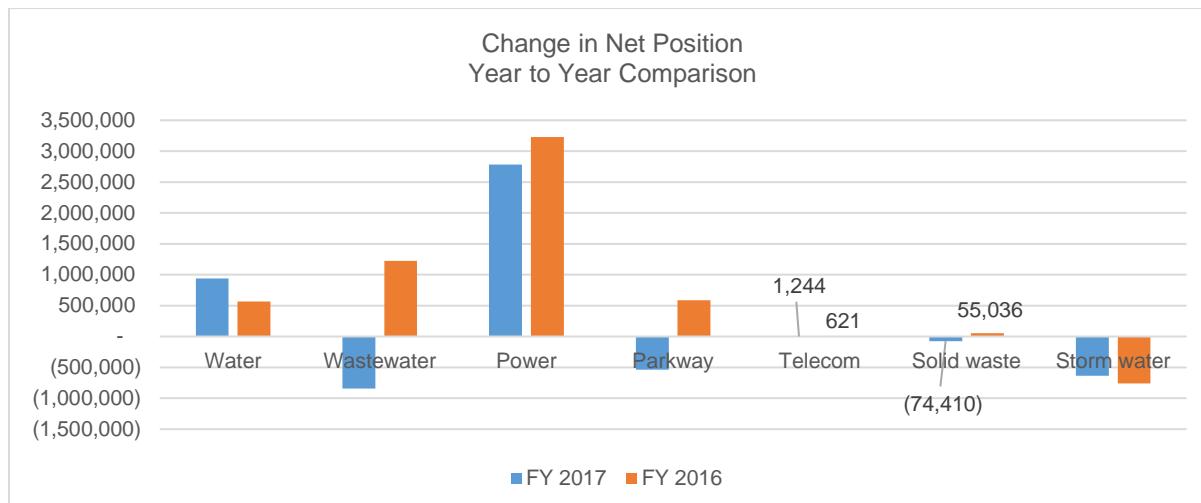


Fund Financial Analysis (continued)

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 utility recorded higher revenue than the previous year which was the result of increased demand due to weather conditions. The total of the Water Fund's restricted and unassigned net position is \$2,951,045.
- The wastewater fund recognized the most dramatic year to year change due to the City's increased investment in Central Valley Water Reclamation Facility as discussed above under total business-type activities. The total of the Wastewater Fund's restricted and unassigned net position is \$6,814,962.
- The power utility recorded lower revenue than the previous year which was the result of decreased demand due to weather conditions. The total of the Power Fund's restricted and unassigned net position is \$14,544,699.
- The golf course (Parkway Fund) required an interfund loan in order to finance the replacement of the course's irrigation system which resulted in a negative change of net position of over \$1.0 million from the previous year. At year end, this fund recorded a negative unrestricted net position due to this investment. The City will continue to monitor this activity over the next year to identify service level versus demand. The total of the Parkway Fund's restricted and unassigned net position is (\$143,201).
- The storm water utility changed minimally from the previous year, however, it continued to record a negative change in net position. The storm water utility fee is currently under review to determine if it is sufficient for cost-recovery. The total of the Storm Water Fund's restricted and unassigned net position is \$3,421,562.





General Fund Budgetary Highlights

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$42,069,715 to a final budget total of \$42,892,556 (2.0 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Expenditure budget adjustments made during the year can be summarized as follows.

A. General government

- \$55,000 to replace the boiler in City Hall
- \$53,098 in personnel changes that were unanticipated in the original budget
- \$47,414 to install wireless internet access in Murray Park
- \$26,500 to replace the generator at Public Works
- \$6,248 in equipment for the Courts funded by a grant

B. Public safety

- \$155,295 for wildland fire response
- \$151,424 for alcohol-related enforcement and/or education
- \$131,928 for grant-funded and donated public safety service and/or equipment
- \$31,882 for personnel changes that were unanticipated in the original budget
- \$30,000 for increased Medicare medical transports
- \$7,674 for small equipment for the police department

C. Highways and public improvements

- \$110,000 for above-ground fuel tanks at Public Works
- \$4,016 for personnel changes that were unanticipated in the original budget

D. Parks, recreation, and culture

- \$20,033 in personnel changes that were unanticipated in the original budget

General fund budgeted revenues were amended from \$38,163,836 to \$38,667,660 (1.3 percent difference). Revenue budget adjustments made during the year can be summarized as follows.

E. Sales Tax

- \$50,200 to fund personnel changes for general government
- \$30,000 to fund increased Medicare medical transports

F. Intergovernmental Revenue

- \$349,721 was budgeted for additional grants received during the year

G. Charges for Services

- \$8,674 to fund small equipment for the police department
- \$6,181 for art donations funding increased personnel costs for the arts program

H. Miscellaneous

- \$59,048 was received from the City's insurance carrier as a premium dividend, it was applied to personnel change throughout the general fund

During the year, actual revenues were greater than budgeted revenues by \$2,328,333. Actual expenditures were less than budgeted expenditures by \$2,336,944.



Capital Assets and Long-term Debt

A. Capital Assets

Murray City's investment in capital assets for its governmental and business-type activities as of June 30, 2017, amounts to \$160,748,396. This investment in capital assets includes land, buildings, infrastructure, equipment, and construction in progress. Infrastructure is defined as roads, utility systems, recreation systems, parks support systems, and so forth. The total increase from the previous year of the City's investment in capital assets was \$16,671,154 (4.8%).

	Governmental Activities		Business-type Activities		Total	
	FY 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Land	\$ 21,039,780	\$ 14,998,469	\$ 6,974,069	\$ 6,974,069	\$ 28,013,849	\$ 21,972,538
Buildings	33,385,997	32,854,855	6,305,539	6,305,540	39,691,536	39,160,395
Infrastructure	86,152,583	82,965,198	167,555,841	157,848,725	253,708,424	240,813,923
Equipment	15,508,807	15,754,832	20,568,706	20,624,346	36,077,513	36,379,178
Intangibles	-	-	3,759,027	3,759,027	3,759,027	3,759,027
Construction in progress	4,661,229	2,358,177	491,134	5,288,320	5,152,363	7,646,497
Total Capital Assets	<u>\$ 160,748,396</u>	<u>\$ 148,931,531</u>	<u>\$ 205,654,316</u>	<u>\$ 200,800,027</u>	<u>\$ 366,402,712</u>	<u>\$ 349,731,558</u>

Major capital asset events during the fiscal year 2017 include:

- During the year, the City spent \$17,530,571 (excluding donated assets) on assets; and of that total, \$8,551,354 was spent on projects still in progress at fiscal year-end.
- The City acquired \$6,004,369 of property in the downtown area in preparation for a large redevelopment project.
- The City began a large remodeling project on the Murray Amphitheater. The project was near completion at year end and was funded in part by Salt Lake County. The total project will cost approximately \$2.6 million. At year end, the City had spent \$2,521,264 on the project.
- The City received \$1,274,277 in contributed assets including \$568,048 in donated roads, \$234,317 in donated water lines, \$180,743 in donated sewer lines, \$243,169 in donated storm drain infrastructure, and \$48,000 in donated street lights.
- The City also added pickleball courts in Murray Park. The project was near completion at fiscal year-end and will be complete by spring 2018. Total spent to date was \$502,631.

B. Long-term Debt

As of June 30, 2017, the City had total long-term bonded debt outstanding of \$17,569,000. 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 2017	FY 2016	FY 2017	FY 2016	FY 2017	FY 2016
Revenue Bonds	\$ 8,118,000	\$ 5,671,000	\$ 10,613,000	\$ 6,796,000	\$ 18,731,000	\$ 12,467,000

The City's total bonded debt outstanding increased by \$5,102,000 during the fiscal year (40.9%). This increase is due to the issuance of the Series 2016 Sales Tax Revenue Bond (\$6,735,000) used to acquire property in the downtown redevelopment area, the issuance of the Series 2016 Storm Water Revenue Bonds (\$2,265,000) used for infrastructure improvements, the early retirement of \$3,240,000 of the Series 2007 and 2009A Sales Tax Revenue Bonds, and normally scheduled debt principal payments.



Capital Assets and Long-term Debt (continued)

B. Long-term Debt (continued)

The City currently has no general obligation debt. The most recent bond ratings issued for Murray is AA+ from Fitch Ratings and AA- from Standard & Poor's on the Series 2016 Sales Tax Revenue Bond, and AA- from Standard & Poor's on the Series 2016 Storm Water Revenue Bond.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8% of the "reasonable fair cash value" of property within the City. Of this percent, a maximum of 4% may be used for general purposes. The current limitation for the City is \$281,215,545, 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 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 thus \$562,431,091, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt can be found in Note 12 on pages 71-75 of this report.

Economic Factors and Next Year's Budgets and Rates

According to the U.S. Bureau of Labor Statistics, the unemployment rate in Salt Lake City as of June 30, 2017 was 3.8% as compared to 3.5% during the same time in the previous year. The national unemployment rate was 4.4% as of June 30, 2017 as compared to 4.9% in June 2016.

General Fund budgeted revenues for the fiscal year ending June 30, 2018 (\$39,371,760) reflect an increase of 2.8% over the final budgeted revenues for the fiscal year ended June 30, 2017 (\$38,667,660). Most of this increase is due to expected increases in sales tax revenue. The City continues its approach of budgeting conservatively to avoid revenue shortfalls. General fund expenditures in fiscal year 2018 are budgeted \$4,140,510 lower than fiscal year 2017 due to the early retirement of \$3,240,000 of debt accomplished in fiscal year 2017. Excluding this special item, the expenditure budget for fiscal year 2018 was 2.1% higher than the previous year's budget.

No rate changes were anticipated in the fiscal year 2018 budget; however, several utility rate studies have been budgeted.

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:

Danyce Steck CPFO
Murray City Finance Director
5025 South State Street
Murray, Utah 84107
(801) 264-2669
dsteck@murray.utah.gov

BASIC FINANCIAL STATEMENTS



For Fiscal Year Ended June 30, 2017

Government-Wide Financial Statements

MURRAY CITY
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



STATEMENT OF NET POSITION

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 17,482,778	\$ 16,925,823	\$ 34,408,601
Investments	7,072,251	5,410,482	12,482,733
Accounts receivable (net of allowance)	8,809,293	4,587,533	13,396,826
Notes receivable		33,292	33,292
Due from other governments	4,885,950	-	4,885,950
Inventory	56,800	2,479,683	2,536,483
Prepaid items	154,334	1,150	155,484
Pension asset	110,295	-	110,295
Noncurrent assets			
Restricted cash	2,623,058	2,803,346	5,426,404
Notes receivable	-	368,135	368,135
Investments in joint ventures	1,849,812	4,005,134	5,854,946
Capital assets			
Land	21,039,780	6,974,069	28,013,849
Construction in progress	4,661,229	491,134	5,152,363
Buildings	33,385,997	6,305,539	39,691,536
Infrastructure	86,152,583	167,555,841	253,708,424
Equipment	15,508,807	20,568,706	36,077,513
Intangibles	-	3,759,027	3,759,027
Accumulated depreciation and amortization	(81,473,507)	(126,940,434)	(208,413,941)
Total assets	<u>122,319,460</u>	<u>115,328,460</u>	<u>237,647,920</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension costs	<u>7,066,514</u>	<u>2,209,481</u>	<u>9,275,995</u>
Total deferred outflows of resources	<u>7,066,514</u>	<u>2,209,481</u>	<u>9,275,995</u>
LIABILITIES			
Current liabilities			
Accounts payable	1,379,600	3,299,673	4,679,273
Accrued liabilities	1,449,561	685,203	2,134,764
Customer deposits	203,981	2,065,462	2,269,443
Compensated absences	2,149,373	799,551	2,948,924
Due to other government	75,984	-	75,984
Interest payable	47,705	116,766	164,471
Notes payable	-	33,292	33,292
Bonds and leases payable	511,042	847,000	1,358,042
Noncurrent liabilities			
Compensated absences	919,616	400,075	1,319,691
Net OPEB payable	136,277	190,377	326,654
Net pension payable	11,521,559	3,598,891	15,120,450
Notes payable	-	368,135	368,135
Bonds and leases payable	8,455,529	9,766,618	18,222,147
Total liabilities	<u>26,850,227</u>	<u>22,171,043</u>	<u>49,021,270</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	<u>2,250,279</u>	<u>703,593</u>	<u>2,953,872</u>
Deferred property taxes	<u>8,116,092</u>	<u>-</u>	<u>8,116,092</u>
Total deferred inflows of resources	<u>10,366,371</u>	<u>703,593</u>	<u>11,069,964</u>
NET POSITION			
Net investment in capital assets	70,308,318	66,627,023	136,935,341
Restricted			
Capital	4,718,743	2,554,607	7,273,350
Debt service	2,496	248,704	251,200
Library	540,475	-	540,475
Other purposes	354,352	-	354,352
Unrestricted	<u>16,244,992</u>	<u>25,232,971</u>	<u>41,477,963</u>
Total net position	<u>\$ 92,169,376</u>	<u>\$ 94,663,305</u>	<u>\$ 186,832,681</u>

The accompanying notes are an integral part of this statement.



STATEMENT OF ACTIVITIES

	Expenses	Program Revenues			Net Revenues (Expenses) and Changes in Net Position		
		Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities	Business-type activities	Total
Governmental activities							
General government	\$ 8,988,523	\$ 3,544,987	\$ -	\$ -	(\$ 5,443,536)	\$ -	(\$ 5,443,536)
Public safety	20,509,832	2,175,894	713,577	-	(17,620,361)	-	(17,620,361)
Highways and public improvements	6,841,539	-	1,821,914	2,239,420	(2,780,205)	-	(2,780,205)
Parks, recreation, and culture	8,681,858	1,776,597	102,278	-	(6,802,983)	-	(6,802,983)
Debt service - interest and fiscal charges	323,481	-	-	-	(323,481)	-	(323,481)
Total governmental activities	<u>45,345,233</u>	<u>7,497,478</u>	<u>2,637,769</u>	<u>2,239,420</u>	<u>(32,970,566)</u>	<u>-</u>	<u>(32,970,566)</u>
Business-type activities							
Water	4,755,323	5,802,091	-	234,315	-	1,281,083	1,281,083
Wastewater	5,611,709	4,877,938	-	180,743	-	(553,028)	(553,028)
Power	32,080,323	37,254,139	-	44,000	-	5,217,816	5,217,816
Murray parkway	1,729,090	1,179,686	-	-	-	(549,404)	(549,404)
Telecom	67,649	67,877	-	-	-	228	228
Solid waste	1,571,148	1,604,615	-	-	-	33,467	33,467
Storm water	2,456,570	1,650,550	-	243,169	-	(562,851)	(562,851)
Total business-type activities	<u>\$ 48,271,812</u>	<u>\$ 52,436,896</u>	<u>-</u>	<u>\$ 702,227</u>	<u>-</u>	<u>4,867,311</u>	<u>4,867,311</u>
		General Revenues:					
		Sales taxes			19,433,656	-	19,433,656
		Property taxes			11,092,545	-	11,092,545
		Franchise taxes			4,666,627	-	4,666,627
		Investment income			391,442	408,275	799,717
		Gain on disposal of assets			57,192	2,573	59,765
		Miscellaneous			608,200	-	608,200
		Transfers - net			3,637,708	(3,637,708)	-
		Total general revenue and transfers			<u>39,887,370</u>	<u>(3,226,860)</u>	<u>36,660,510</u>
		Change in net position			6,916,804	1,640,451	8,557,255
		Net position - beginning			<u>85,252,572</u>	<u>93,074,202</u>	<u>178,326,774</u>
		Net position - ending			<u>\$ 92,169,376</u>	<u>\$ 94,714,653</u>	<u>\$ 186,884,029</u>

The accompanying notes are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The general fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

Redevelopment Agency (RDA) Fund

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

Capital Projects Fund

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

Other Governmental Funds

Both the Library Fund and Cemetery Perpetual Care Fund are categorized as non-major governmental funds, and are presented by fund type in the Supplementary Information section of this report.

MURRAY CITY
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



BALANCE SHEET - GOVERNMENTAL FUNDS

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Other Governmental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash and cash equivalents	\$ 3,562,165	\$ 9,822,255	\$ 1,449,067	\$ 868,616	\$ 15,702,103
Investments	2,994,289	2,956,763	-	1,121,199	7,072,251
Accounts receivable, net					
Property taxes	6,262,954	-	441,248	1,522,583	8,226,785
Other	582,507	-	-	-	582,507
Due from other governments	4,249,023	636,927	-	-	4,885,950
Prepaid items	128,810	-	-	22,524	151,334
Restricted cash	1,720	-	2,605,143	16,195	2,623,058
Total assets	17,781,468	13,415,945	4,495,458	3,551,117	39,243,988
<u>LIABILITIES</u>					
Accounts payable	616,017	700,546	24,222	7,284	1,348,069
Accrued liabilities	1,124,903	-	8,680	43,543	1,177,126
Due to other government	75,984	-	-	-	75,984
Deposits	202,981	-	1,000	-	203,981
Total liabilities	2,019,885	700,546	33,902	50,827	2,805,160
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred ambulance billing	321,898	-	-	-	321,898
Deferred property taxes	6,173,908	-	441,248	1,500,936	8,116,092
Total deferred Inflows of resources	6,495,806	-	441,248	1,500,936	8,437,990
<u>FUND BALANCE</u>					
Nonspendable	128,810	-	-	38,719	167,529
Restricted	339,897	699,191	4,020,308	540,475	5,599,871
Committed	-	-	-	1,420,160	1,420,160
Assigned	-	12,016,208	-	-	12,016,208
Unassigned	8,797,070	-	-	-	8,797,070
Total fund balances	9,265,777	12,715,399	4,020,308	1,999,354	28,000,838
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 17,781,468	\$ 13,415,945	\$ 4,495,458	\$ 3,551,117	\$ 39,243,988

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 Balance - Total Governmental Funds	\$ 28,000,838
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the funds.	81,124,701
The net pension asset is not an available resource, and therefore is not reported in the funds.	110,295
Other long-term assets are not available to pay for current period expenditures, and therefore are reported as deferred inflows of resources.	321,899
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.	1,388,577
Deferred pension gains and deferred pension costs are not associated with the use of current financial resources and are not reported in the fund statements.	4,724,991
Long-term liabilities, including bonds payable and pension liability, are not due and payable in the current period, therefore not reported in the funds.	(23,501,925)
Net Position - Governmental Activities	<u>\$ 92,169,376</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



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

	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Sales tax	\$ 19,433,656	\$ -	\$ -	\$ -	\$ 19,433,656
Property taxes	6,792,773	-	-	1,640,998	8,433,771
Tax increment	-	-	2,658,774	-	2,658,774
Franchise taxes	4,666,627	-	-	-	4,666,627
Licenses and permits	2,087,591	-	-	-	2,087,591
Intergovernmental	2,294,644	1,667,372	-	12,200	3,974,216
Charges for services	3,463,994	-	-	15,210	3,479,204
Fines and forfeitures	1,306,571	-	-	40,301	1,346,872
Emergency 911 fees	475,143	-	-	-	475,143
Miscellaneous	346,451	233,630	16,982	11,137	608,200
Investment income	128,542	142,402	73,619	26,168	370,731
Total revenues	40,995,992	2,043,404	2,749,375	1,746,014	47,534,785
EXPENDITURES					
General government	6,693,090	144,337	-	-	6,837,427
Public safety	19,021,824	635,034	-	-	19,656,858
Highways and public improvements	3,416,835	2,298,037	7,214,933	-	12,929,805
Parks, recreation, and culture	5,859,041	3,546,489	-	1,602,381	11,007,911
Debt service:				-	
Principal	3,713,242	-	663,000	-	4,376,242
Interest and fiscal charges	137,500	-	282,605	-	420,105
Pledge payment – UTOPIA debt service	1,714,078	-	-	-	1,714,078
Total expenditures	40,555,610	6,623,897	8,160,538	1,602,381	56,942,426
Excess (deficiency) of revenues over (under) expenditures	440,382	(4,580,493)	(5,411,163)	143,633	(9,407,641)
OTHER FINANCING SOURCES (USES)					
Transfers in	3,952,182	5,145,575	500,000	34,000	9,631,757
Transfers out	(4,684,000)	(571,171)	(438,878)	-	(5,694,049)
Sale of capital assets	-	76,674	-	-	76,674
Bond proceeds	-	-	7,521,560	-	7,521,560
Total other financing sources (uses)	(731,818)	4,651,078	7,582,682	34,000	11,535,942
Net change of fund balance	(291,436)	70,585	2,171,519	177,633	2,128,301
Fund balance, beginning	9,557,213	12,644,814	1,848,789	1,821,721	25,872,537
Fund balance, ending	\$ 9,265,777	\$ 12,715,399	\$ 4,020,308	\$ 1,999,354	\$ 28,000,838

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 balance - Total governmental funds	\$ 2,128,301
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays and capital contributions exceeded depreciation in the current period.	8,459,423
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Revenue recognized in the government-wide statement of activities that are not in the fund statements.	108,669
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transactions, however, has any effect on net 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	(3,813,160)
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	160,649
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The net revenue of certain activities of the internal service funds are reported with governmental activities.	(127,078)
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Change in net position - Governmental activities	<u>\$ 6,916,804</u>
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The accompanying notes are an integral part of this statement.

PROPRIETARY FUND FINANCIAL STATEMENTS

Water Fund

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

Wastewater Fund

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

Power Fund

The Power Fund is used to account for the activities of the City's electric 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 Fund

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

Internal Service Funds

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



STATEMENT OF NET POSITION - PROPRIETARY FUNDS

(Page 1 of 2)

	Business-type Activities – Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
ASSETS				
Current assets				
Cash and cash equivalents	\$788,609	\$ 2,680,107	\$ 11,797,857	\$ 1,013,044
Investments	1,971,175	-	3,439,307	-
Accounts receivable (net of allowance)	767,525	361,900	3,164,477	157,101
Notes receivable	-	-	-	-
Due from other funds	223,241	-	1,250,000	-
Inventory	-	-	2,423,389	-
Prepaid items	-	-	1,150	-
Total current assets	<u>3,750,550</u>	<u>3,042,007</u>	<u>22,076,180</u>	<u>1,170,145</u>
Noncurrent assets				
Restricted cash	54	258,129	-	2,545,162
Notes receivable	-	-	-	-
Investments in joint ventures	-	4,005,134	-	-
Capital assets				
Land	2,155,313	455,921	1,691,650	2,344,849
Construction in progress	24,773	-	6,849	459,511
Buildings	933,325	949,132	3,549,963	-
Infrastructure	33,645,166	14,365,139	76,716,811	36,784,336
Equipment	3,348,455	1,332,658	13,493,153	1,138,282
Intangibles	-	-	3,759,027	-
Accumulated depreciation and amortization	<u>(18,157,610)</u>	<u>(7,817,085)</u>	<u>(68,008,122)</u>	<u>(27,708,531)</u>
Total noncurrent assets	<u>21,949,476</u>	<u>13,549,028</u>	<u>31,209,331</u>	<u>15,563,609</u>
Total assets	<u>25,700,026</u>	<u>16,591,035</u>	<u>53,285,511</u>	<u>16,733,754</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension costs	<u>370,072</u>	<u>166,557</u>	<u>1,355,330</u>	<u>145,462</u>
Total deferred outflows of resources	<u>370,072</u>	<u>166,557</u>	<u>1,355,330</u>	<u>145,462</u>
LIABILITIES				
Current liabilities				
Accounts payable	74,952	169,522	2,934,983	14,766
Accrued liabilities	81,914	40,501	379,732	27,094
Due to other funds	-	-	-	-
Due to other government	-	-	-	-
Interest payable	15,674	36,907	-	64,185
Compensated absences	145,001	60,793	481,217	39,034
Notes payable	-	-	-	-
Bonds and leases payable	322,329	304,671	-	220,000
Customer deposits	13,982	-	2,051,480	-
Total current liabilities	<u>653,852</u>	<u>612,394</u>	<u>5,847,412</u>	<u>365,079</u>
Noncurrent liabilities				
Compensated absences	72,554	30,420	240,788	19,533
Net OPEB payable	63,782	-	126,595	-
Net pension payable	583,925	265,683	2,240,421	228,274
Notes payable	-	-	-	-
Bonds and leases payable	1,986,051	3,278,151	-	4,502,416
Total noncurrent liabilities	<u>2,706,312</u>	<u>3,574,254</u>	<u>2,607,804</u>	<u>4,750,223</u>
Total liabilities	<u>3,360,164</u>	<u>4,186,648</u>	<u>8,455,216</u>	<u>5,063,954</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension gains	<u>117,847</u>	<u>53,039</u>	<u>431,595</u>	<u>46,321</u>
Total deferred inflows of resources	<u>117,847</u>	<u>53,039</u>	<u>431,595</u>	<u>46,321</u>
NET POSITION				
Net investment in capital assets	19,641,042	5,702,943	31,209,331	8,296,031
Restricted				
Capital	-	86,467	-	2,468,140
Debt service	54	171,629	-	77,021
Unrestricted	2,950,991	6,556,866	14,544,699	876,401
Total net position	<u>\$ 22,592,087</u>	<u>\$ 12,517,905</u>	<u>\$ 45,754,030</u>	<u>\$ 11,717,593</u>

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
	Non-Major Enterprise Funds	Total	Internal Service Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$646,206	\$16,925,823	\$ 1,780,676
Investments	-	5,410,482	-
Accounts receivable (net of allowance)	136,530	4,587,533	-
Notes receivable	33,292	33,292	-
Due from other funds	-	1,473,241	-
Inventory	56,295	2,479,684	56,800
Prepaid items	-	1,150	3,000
Total current assets	872,323	30,911,205	1,840,476
Noncurrent assets			
Restricted cash	-	2,803,345	-
Notes receivable	368,135	368,135	-
Investments in joint ventures	-	4,005,134	-
Capital assets			
Land	326,336	6,974,069	-
Construction in progress	-	491,133	-
Buildings	873,119	6,305,539	-
Infrastructure	6,044,390	167,555,842	-
Equipment	1,256,158	20,568,706	205,253
Intangibles	-	3,759,027	-
Accumulated depreciation and amortization	(5,249,086)	(126,940,434)	(97,647)
Total noncurrent assets	3,619,052	85,890,496	107,606
Total assets	4,491,375	116,801,701	1,948,082
DEFERRED OUTFLOWS OF RESOURCES			
Deferred pension costs	172,060	2,209,481	133,876
Total deferred outflows of resources	172,060	2,209,481	133,876
LIABILITIES			
Current liabilities			
Accounts payable	105,450	3,299,673	31,532
Accrued liabilities	155,962	685,203	272,435
Due to other funds	1,473,241	1,473,241	-
Due to other government	-	-	-
Interest payable	-	116,766	-
Compensated absences	73,506	799,551	32,526
Notes payable	33,292	33,292	-
Bonds and leases payable	-	847,000	-
Customer deposits	-	2,065,462	-
Total current liabilities	1,841,451	9,320,188	336,493
Noncurrent liabilities			
Compensated absences	36,780	400,075	16,277
Net OPEB payable	-	190,377	-
Net pension payable	280,588	3,598,891	190,373
Notes payable	368,135	368,135	-
Bonds and leases payable	-	9,766,618	-
Total noncurrent liabilities	685,503	14,324,096	206,650
Total liabilities	2,526,954	23,592,936	543,143
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	54,791	703,593	42,632
Total deferred inflows of resources	54,791	703,593	42,632
NET POSITION			
Net investment in capital assets	1,777,676	66,627,023	107,606
Restricted			
Capital	-	2,554,607	-
Debt service	-	248,704	-
Unrestricted	304,014	25,232,971	1,388,577
Total net position	\$ 2,081,690	\$94,663,305	\$ 1,496,183

The accompanying notes are an integral part of this statement.



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

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
OPERATING REVENUES				
Charges for services	\$ 5,517,055	\$ 4,435,764	\$ 34,173,270	\$ 1,634,099
Connection and servicing fees	23,778	4,450	210,416	-
Other	53,003	6,535	2,649,647	2,806
Total operating revenues	<u>5,593,836</u>	<u>4,446,749</u>	<u>37,033,333</u>	<u>1,636,905</u>
OPERATING EXPENSES				
Wages and benefits	1,593,974	756,865	5,578,270	649,794
Administrative fees	641,335	394,453	1,679,947	99,188
Operations and maintenance	1,200,905	3,804,515	21,764,048	321,761
Depreciation and amortization	1,232,577	566,668	3,058,058	1,282,395
Total operating expenses	<u>4,668,791</u>	<u>5,522,501</u>	<u>32,080,323</u>	<u>2,353,138</u>
Operating income (loss)	<u>925,045</u>	<u>(1,075,752)</u>	<u>4,953,010</u>	<u>(716,233)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	35,709	40,887	291,063	26,272
Interest and fiscal charges	(86,532)	(89,208)	-	(154,780)
Impact fees	208,255	431,189	220,806	13,645
Equity in income of joint venture	-	-	-	-
Gain/(loss) on disposal of assets	27,181	-	14,651	(39,259)
Total nonoperating revenues (expenses)	<u>184,613</u>	<u>382,868</u>	<u>526,520</u>	<u>(154,122)</u>
Income (loss) before contributions and transfers	1,109,658	(692,884)	5,479,530	(870,355)
Capital contributions	234,315	180,743	44,000	243,169
Transfers in	-	21,125	21,125	71,171
Transfers out	(402,594)	(349,606)	(2,759,658)	(128,453)
Change in net position	941,379	(840,622)	2,784,997	(684,468)
Total net position, beginning	<u>21,650,708</u>	<u>13,358,527</u>	<u>42,969,033</u>	<u>12,402,061</u>
Total net position, ending	<u>\$ 22,592,087</u>	<u>\$ 12,517,905</u>	<u>\$ 45,754,030</u>	<u>\$ 11,717,593</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
	Non-Major Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES			
Charges for services	\$ 2,847,798	\$ 48,607,986	\$ 1,494,569
Connection and servicing fees		238,644	-
Other	4,380	2,716,371	-
Total operating revenues	<u>2,852,178</u>	<u>51,563,001</u>	<u>1,494,569</u>
OPERATING EXPENSES			
Wages and benefits	972,263	9,551,166	596,550
Administrative fees	114,999	2,929,922	1,187
Operations and maintenance	1,936,131	29,027,360	737,820
Depreciation and amortization	343,426	6,483,124	6,801
Total operating expenses	<u>3,366,819</u>	<u>47,991,572</u>	<u>1,342,358</u>
Operating income (loss)	<u>(514,641)</u>	<u>3,571,429</u>	<u>152,211</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	14,344	408,275	20,711
Interest and fiscal charges	(1,068)	(331,588)	-
Impact fees	-	873,895	-
Equity in income of joint venture	-	-	-
Gain/(loss) on disposal of assets	-	2,573	-
Total nonoperating revenues (expenses)	<u>13,276</u>	<u>953,155</u>	<u>20,711</u>
Income (loss) before contributions and transfers	<u>(501,365)</u>	<u>4,524,584</u>	<u>172,922</u>
Capital contributions	-	702,227	-
Transfers in	-	113,421	-
Transfers out	<u>(110,818)</u>	<u>(3,751,129)</u>	<u>(300,000)</u>
Change in net position	<u>(612,183)</u>	<u>1,589,103</u>	<u>(127,078)</u>
Total net position, beginning	<u>2,693,873</u>	<u>93,074,202</u>	<u>1,623,261</u>
Total net position, ending	<u>\$ 2,081,690</u>	<u>\$ 94,663,305</u>	<u>\$ 1,496,183</u>

The accompanying notes are an integral part of this statement.

MURRAY CITY
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Page 1 of 2)

	Business-type Activities - Enterprise Funds			
	Water Fund	Wastewater Fund	Power Fund	Storm Water Fund
Cash flows from operating activities				
Receipts from customers and users	\$ 5,509,760	\$ 4,450,951	\$ 36,926,475	\$ 1,625,008
Payments to suppliers of goods and services	(1,812,059)	(4,258,249)	(21,537,551)	(307,191)
Payments to employees for services	(1,556,283)	(738,513)	(5,468,123)	(633,567)
Payment for interfund services	(641,335)	(394,453)	(1,679,947)	(99,188)
Investments in joint venture	-	(507,833)	-	-
Net cash provided (used) by operating activities	<u>1,500,083</u>	<u>(1,448,097)</u>	<u>8,240,854</u>	<u>585,062</u>
Cash flows from noncapital financing activities				
Transfers from other funds	-	21,125	21,125	71,171
Transfers to other funds	(402,594)	(349,606)	(2,759,658)	(128,453)
Changes to interfund receivables and payables	(180,509)	-	(1,250,000)	-
Net cash provided (used) by noncapital financing activities	<u>(583,103)</u>	<u>(328,481)</u>	<u>(3,988,533)</u>	<u>(57,282)</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	71,853	-	14,651	-
Purchases of capital assets	(1,015,134)	(853,928)	(419,120)	(195,929)
Impact fees	208,255	431,189	220,806	13,645
Proceeds from issuance of debt	-	1,110,000	-	2,501,286
Principal paid on debt	(294,230)	(285,874)	-	(229,732)
Interest and fiscal charges paid on capital debt	(88,546)	(85,430)	-	(115,210)
Net cash provided (used) by capital and related financing activities	<u>(1,117,802)</u>	<u>315,957</u>	<u>(183,663)</u>	<u>1,974,060</u>
Cash flows from investing activities				
Sale (purchase) of investments	(26,101)	-	450,840	-
Investment income	35,709	40,887	291,063	26,272
Net cash provided by investing activities	<u>9,608</u>	<u>40,887</u>	<u>741,903</u>	<u>26,272</u>
Net increase (decrease) in cash and cash equivalents	<u>(191,214)</u>	<u>(1,419,734)</u>	<u>4,810,561</u>	<u>2,528,112</u>
Cash and cash equivalents - beginning of year	<u>979,877</u>	<u>4,357,970</u>	<u>6,987,296</u>	<u>1,030,094</u>
Cash and cash equivalents - end of year	<u>\$ 788,663</u>	<u>\$ 2,938,236</u>	<u>\$ 11,797,857</u>	<u>\$ 3,558,206</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ 925,045	\$ (1,075,752)	\$ 4,953,010	\$ (716,233)
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	1,232,577	566,668	3,058,058	1,282,395
Investments in joint ventures	-	(507,833)	-	-
(Increase) decrease in receivables	(84,076)	4,577	(105,338)	(11,897)
(Increase) decrease in inventory and prepaid items	-	-	(99,011)	-
(Increase) decrease in liabilities	(573,463)	(435,757)	434,135	30,797
Net cash provided by operating activities	<u>\$ 1,500,083</u>	<u>\$ (1,448,097)</u>	<u>\$ 8,240,854</u>	<u>\$ 585,062</u>
Noncash investing, capital and financing activities				
Capital contributions, developers	\$ 234,317	\$ 180,743	\$ 44,000	\$ 243,169

The accompanying notes are an integral part of this statement.

MURRAY CITY
BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

(Page 2 of 2)

	Business-type Activities - Enterprise Funds		Government al Activities
	Non-Major Enterprise Funds	Total	Internal Service Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 2,848,213	\$ 51,360,407	\$ 1,494,569
Payments to suppliers of goods and services	(1,898,780)	(29,813,830)	(715,535)
Payments to employees for services	(945,327)	(9,341,813)	(579,968)
Payment for interfund services	(114,999)	(2,929,922)	(1,187)
Investments in joint venture	-	(507,833)	-
Net cash provided (used) by operating activities	<u>(110,893)</u>	<u>8,767,009</u>	<u>197,879</u>
Cash flows from noncapital financing activities			
Transfers from other funds	-	113,421	-
Transfers to other funds	(110,818)	(3,751,129)	(300,000)
Changes to interfund receivables and payables	<u>1,430,509</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>1,319,691</u>	<u>(3,637,708)</u>	<u>(300,000)</u>
Cash flows from capital and related financing activities			
Proceeds from sale of capital assets	12,020	98,524	-
Purchases of capital assets	(2,378,753)	(4,862,864)	(62,696)
Impact fees	-	873,895	-
Proceeds from issuance of debt	-	3,611,286	-
Principal paid on debt	-	(809,836)	-
Interest and fiscal charges paid on capital debt	<u>(1,068)</u>	<u>(290,254)</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(2,367,801)</u>	<u>(1,379,249)</u>	<u>(62,696)</u>
Cash flows from investing activities			
Sale (purchase) of investments	308,574	733,313	-
Investment income	<u>14,344</u>	<u>408,275</u>	<u>20,711</u>
Net cash provided by investing activities	<u>322,918</u>	<u>1,141,588</u>	<u>20,711</u>
Net increase (decrease) in cash and cash equivalents	<u>(836,085)</u>	<u>4,891,640</u>	<u>(144,106)</u>
Cash and cash equivalents - beginning of year	<u>1,482,291</u>	<u>14,837,528</u>	<u>1,924,782</u>
Cash and cash equivalents - end of year	<u>\$ 646,206</u>	<u>\$ 19,729,168</u>	<u>\$ 1,780,676</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ (514,641)	\$ 3,571,429	\$ 152,211
Adjustments to reconcile operating income to net cash provided by:			
Depreciation and amortization	343,426	6,483,124	6,801
Investments in joint ventures	-	(507,833)	-
(Increase) decrease in receivables	(3,965)	(200,699)	-
(Increase) decrease in inventory and prepaid items	18,021	(80,990)	186
(Increase) decrease in liabilities	<u>46,266</u>	<u>(498,022)</u>	<u>38,681</u>
Net cash provided by operating activities	<u>\$ (110,893)</u>	<u>\$ 8,767,009</u>	<u>\$ 197,879</u>
Noncash investing, capital and financing activities			
Capital contributions, developers	\$ -	\$ 702,229	\$ -

The accompanying notes are an integral part of this statement.

Notes to the Financial Statements



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

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

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

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

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in GASB Statement No. 14, as amended. 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 organization's board or there is a potential to provide specific financial benefits to or impose specific financial burdens on the City. The City is also considered to be financially accountable for an organization if that organization is fiscally dependent (i.e., it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval from the City).

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Reporting Entity (continued)

Blended Component Units

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

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

Investment in Joint Venture

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

B. Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those which are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a 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 other than those financed by the proprietary funds.

The *Redevelopment Agency Fund* is considered a special revenue fund, and accounts for the activities of the agency, a blended component unit of the City. 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 City reports the following major proprietary fund:

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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

Cash, Cash Equivalents, and Investments

Cash & 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". Unbilled sales receivables for June 30, 2017 were estimated based on an average of June and July revenues less year end accounts receivable.

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.

Restricted Cash

Restricted cash is comprised of cash restricted for future debt service payments and unexpended portions of bonds issued for capital construction.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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 statement of financial position will sometimes report a separate section for deferred outflows of resources. This financial statement element 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.

The only item that qualifies for reporting in the government-wide statement of net position in this category is the resource related to pensions.

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

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

Customer Deposits

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

Compensated Absences

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property Taxes

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

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

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

Pensions

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

Long-term Obligations

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

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance

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 non-spendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

Non-spendable. 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 non-spendable.

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 non-spendable, 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.



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fund Balance (continued)

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. For fiscal year 2017, this amount is \$2,049,800.

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

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

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

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

Use of Estimates

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



NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Budget Process

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

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

1. Prior to or on the first council meeting in May, the Mayor submits to the Municipal Council a proposed operating budget for the fiscal year commencing the following July 1st. The operating budget includes proposed expenditures and the proposed sources of revenues.
2. Between the first council meeting in May and June 20th, the Municipal Council reviews and adjusts the Mayor's proposed budget. On or before June 20th, a public hearing is held and the budget is legally adopted through passage of a resolution.
3. After the budget is adopted, the Finance Director may transfer any unencumbered or unexpended appropriation amount from one expenditure account to another within a department. The Municipal Council may, by resolution, transfer any unencumbered or unexpended appropriation amount from one department in a fund to another department within the same fund. Other budget openings occur throughout the year as deemed necessary with public hearing and council approval.
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	\$ 160,748,396
Accumulated depreciation	(81,473,507)
Investment in joint venture	<u>1,849,812</u>
Total difference	<u>\$ 81,124,701</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	\$ (11,331,186)
Bonds payable	(8,118,000)
Compensated absences	(3,020,186)
Bond premium (to be amortized to interest income)	(735,806)
Net OPEB payable	(136,277)
Capital lease payable	(112,765)
Accrued interest payable	<u>(47,705)</u>
Total difference	<u>\$ (23,501,925)</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 pension gains	\$ (2,207,647)
Deferred pension costs	<u>6,932,638</u>
Total difference	<u>\$ 4,724,991</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	\$ 224,106
Ending net position of the Retained Risk Fund	1,272,077
Net investment in capital assets, Central Garage	(107,606)
Total difference	<u>\$ 1,388,577</u>



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

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

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

Deferred ambulance billings	\$ 321,898
Total difference	<u>\$ 321,898</u>

The net pension asset is not an available resource, and therefore is not reported in the funds.

Net pension asset	\$ 110,295
Total difference	<u>\$ 110,295</u>

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

Capital assets. The governmental fund statement of revenues, expenditures and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

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

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

Capital outlay	\$ 12,603,582
Depreciation expense	(4,696,724)
Developer contributions	572,048
Cost of capital assets sold	(19,483)
Total difference	<u>\$ 8,459,423</u>

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

Change in deferred ambulance billing	\$ 108,669
Total difference	<u>\$ 108,669</u>



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

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

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

Debt issued or incurred:	
2016 Sales tax revenue bond	\$ (6,735,000)
Bond Premium	(786,560)
Principal payments:	
Sales tax revenue bonds	4,287,999
Capital leases	88,242
Interest expense	(17,071)
Bond premium amortization	113,695
Change in net pension asset	(126,884)
Change in net pension liability	(1,416,988)
Change in deferred pension gains	(594,927)
Change in deferred pension costs	1,374,334
Total difference	<u>\$ (3,813,160)</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	66,157
OPEB	75,522
Investment in joint venture	18,971
Total difference	<u>\$ 160,650</u>

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

Change in net position from the Central Garage Fund	58,205
Change in net position from the Retained Risk Fund	(185,283)
Total difference	<u>\$ (127,078)</u>



NOTE 3 - PROPERTY TAXES

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

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

For property taxes, at January 1 of each year (the assessment date), the City has the legal right to collect the taxes and has recorded a receivable and a corresponding deferred inflow of resources for the assessed amount of those property taxes as of January 1, 2017. Most of the tax will not be received until the following fiscal year.

NOTE 4 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

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

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



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

A. Custodial Credit Risk

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's deposits are insured up to \$250,000 per bank by the Federal Deposit Insurance Corporation (FDIC), with the exception of the Gold International Sweep Account held with Zions Bank. The amount in this account as of June 30, 2017, was \$2,118,135. Deposits above \$250,000 per bank are exposed to credit risk.

As of June 30, 2017, the City's bank balance deposit carrying value was \$53,327,466. Of this amount, \$53,077,466 was subject to custodial credit risk because it is uninsured. The City has no formal policy regarding custodial credit risk.

A summary of restricted and unrestricted cash, cash equivalents, and investments at June 30, 2017 is as follows:

Restricted	\$ 5,426,404
Unrestricted	46,891,334
<hr/>	<hr/>
Total	\$ 52,317,738
Cash	\$ 6,271,238
Cash equivalents and investments	46,046,500
<hr/>	<hr/>
Total	\$ 52,317,738

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 Utah Public Treasurers' Investment Fund (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 income, gains and losses, net of administration fees of the PTIF are allocated based upon the participants' average daily balances.

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



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

C. Interest Rate Risk

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

D. Concentration of Credit Risk

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

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

The total fair market value of the City's investment portfolio (excluding funds in the PTIF) at fiscal year-end is \$12,482,733. Below is a list of issuers with concentration amounts between 5% - 10%.

Issuer		Investment at Fair Market Value	% of Total Investments
Bank of America Corporation	\$	998,000	8.0%
Citigroup Inc		700,000	5.6%
Goldman Sachs Group		850,000	6.8%
Morgan Stanley		750,000	6.0%



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

E. Investments

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

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

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

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



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

F. Fair Value of Investments

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

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

Twice a year, at June 30 and December 31, the investments are valued at fair value and participants are informed of the valuation factor that enables them to adjust their statement balances to fair value. As of June 30, 2017, the City's fair value investments in the PTIF were \$361,805 more than the amortized cost of \$32,576,619.

The City's investments have been adjusted to show this increase in value. As of June 30, 2017, the City's \$32,938,424 investment in the PTIF had an average adjusted maturity of less than one year (Level 1 inputs).

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, 2017, the City's fair value investments in Moreton were \$198,109 more than the amortized cost of \$12,284,624. The City's Moreton investment has been adjusted to show this increase in value. As of June 30, 2017, the City's \$12,482,733 investment with Moreton had an average final maturity of 0.926 years (Level 2 input).

The following are the City's investments as of June 30, 2017:

	Investment Maturities (in years)		Quality Ratings
	Less than 1	1-5	
Money Market	\$ 2,204,259	\$ -	Not rated
Utah Public Treasurer's Investment Fund	31,917,491	-	Not rated
U.S. Gov't or U.S. Agencies	501,191	4,299,992	Not rated
Corporate Notes	7,123,567	-	A+/A/AA-/BBB+
Total investments	\$ 41,746,508	\$ 4,299,992	



NOTE 5 – RECEIVABLES

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

	Accounts receivable	Property tax	Inter-governmental	Gross receivables	Less: Allowance for uncollectable accounts	Total receivables, net
General Fund	\$1,086,169	\$6,262,954	\$4,249,023	\$11,598,146	\$(503,662)	\$11,094,484
RDA Fund	-	441,248	-	441,248	-	441,248
Capital Projects	-	-	636,927	636,927	-	636,927
Other Governmental	-	1,522,583	-	1,522,583	-	1,522,583
Water	773,464	-	-	773,464	(5,939)	767,525
Wastewater	367,286	-	-	367,286	(5,386)	361,900
Power	3,249,364	-	-	3,249,364	(84,887)	3,164,477
Storm Water	158,940	-	-	158,940	(1,839)	157,101
Non-major	171,819	-	-	171,819	(1,996)	169,823
	<u>\$5,807,042</u>	<u>\$8,226,785</u>	<u>\$4,885,950</u>	<u>\$18,919,777</u>	<u>\$(603,709)</u>	<u>\$18,316,068</u>

NOTE 6 – INTERFUND TRANSFERS

	Transfers In								
	General Fund	RDA Fund	Other Gov't	Capital Projects	Wastewater	Power	Storm Water	Total Transfers Out	
Transfers Out:									
General	\$ -	\$ -	\$34,000	\$4,650,000	\$ -	\$ -	\$ -	\$4,684,000	
RDA	201,053	-	-	195,575	21,125	21,125	-	438,878	
Capital	-	500,000	-	-	-	-	71,171	571,171	
Water	402,594	-	-	-	-	-	-	402,594	
Wastewater	349,606	-	-	-	-	-	-	349,606	
Power	2,759,658	-	-	-	-	-	-	2,759,658	
Storm Water	128,453	-	-	-	-	-	-	128,453	
Non-major	110,818	-	-	-	-	-	-	110,818	
Internal Svc	-	-	-	300,000	-	-	-	300,000	
Total	Transfers In	\$3,952,182	\$500,000	\$34,000	\$5,145,575	\$ 21,125	\$21,125	\$71,171	\$9,745,178

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 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.

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



NOTE 8 – CAPITAL ASSETS

Governmental activities	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 14,998,469	\$ 6,041,311	\$ -	\$ -	\$ 21,039,780
Construction in progress	2,358,177	4,774,745	(2,471,693)	-	4,661,229
Total capital assets, not being depreciated	<u>17,356,646</u>	<u>10,816,056</u>	<u>(2,471,693)</u>	-	<u>25,701,009</u>
Capital assets, being depreciated:					
Buildings	32,854,855	31,716	499,426	-	33,385,997
Infrastructure	82,965,198	1,310,653	1,972,267	(95,535)	86,152,583
Machinery and equipment	15,754,832	1,081,331	(30,282)	(1,297,074)	15,508,807
Total capital assets being depreciated	<u>131,574,885</u>	<u>2,423,700</u>	<u>2,441,411</u>	<u>(1,392,609)</u>	<u>135,047,387</u>
Less accumulated depreciation for:					
Buildings	(15,280,912)	(981,766)	-	-	(16,262,678)
Infrastructure	(52,237,773)	(2,474,618)	-	95,536	(54,616,855)
Machinery and equipment	(10,634,003)	(1,247,140)	42,302	1,244,867	(10,593,974)
Total accumulated depreciation	<u>(78,152,688)</u>	<u>(4,703,524)</u>	<u>42,302</u>	<u>1,340,403</u>	<u>(81,473,507)</u>
Total capital assets being depreciated, net	<u>53,422,197</u>	<u>(2,279,824)</u>	<u>2,483,713</u>	<u>(52,206)</u>	<u>53,573,880</u>
Governmental activities capital assets, net	<u>\$ 70,778,843</u>	<u>\$ 8,536,232</u>	<u>\$ 12,020</u>	<u>\$ (52,206)</u>	<u>\$ 79,274,889</u>
Business-type activities	Beginning Balance	Increases	Transfers	Decreases	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 6,974,069	\$ -	\$ -	\$ -	\$ 6,974,069
Construction in progress	5,288,320	3,776,608	(8,573,795)	-	491,133
Total capital assets, not being depreciated	<u>12,262,389</u>	<u>3,776,608</u>	<u>(8,573,795)</u>	-	<u>7,465,202</u>
Capital assets, being depreciated:					
Buildings	6,305,539	-	-	-	6,305,539
Infrastructure	157,848,725	1,185,869	8,549,801	(28,553)	167,555,842
Machinery and equipment	20,624,347	602,616	54,275	(712,532)	20,568,706
Intangibles	3,759,027	-	-	-	3,759,027
Total capital assets being depreciated	<u>188,537,638</u>	<u>1,788,485</u>	<u>8,604,076</u>	<u>(741,085)</u>	<u>198,189,114</u>
Less accumulated depreciation for:					
Buildings	(5,050,271)	(120,162)	-	-	(5,170,433)
Infrastructure	(100,705,546)	(5,120,790)	-	28,553	(105,797,783)
Machinery and equipment	(12,861,715)	(1,165,621)	(42,301)	628,599	(13,441,038)
Intangibles	(2,454,629)	(76,551)	-	-	(2,531,180)
Total accumulated depreciation and amortization	<u>(121,072,161)</u>	<u>(6,483,124)</u>	<u>(42,301)</u>	<u>657,152</u>	<u>(126,940,434)</u>
Total capital assets being depreciated, net	<u>67,465,477</u>	<u>(4,694,639)</u>	<u>8,561,775</u>	<u>(83,933)</u>	<u>71,248,680</u>
Business-type activities capital assets, net	<u>\$ 79,727,866</u>	<u>\$ (918,031)</u>	<u>\$ (12,020)</u>	<u>\$ (83,933)</u>	<u>\$ 78,713,882</u>



NOTE 8 – CAPITAL ASSETS (continued)

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

Governmental activities:	
General government	\$ 489,559
Public safety	918,141
Highways and public improvements	2,254,803
Parks, recreation and culture	1,034,221
Total depreciation expense - governmental activities	<u>\$4,696,724</u>
Business-type activities	
Water	\$1,232,577
Wastewater	566,668
Power	3,058,058
Murray Parkway	310,608
Solid Waste	32,818
Storm Water	1,282,395
	<u>\$6,483,124</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, 2017, the City has an 8.27 percent ownership share in the Trans-Jordan Cities (the Association) joint enterprise. The City's equity in the net resources of the Association at June 30, 2017, is reported in the government-wide statement of net position.

Tipping fees paid from the Solid Waste Fund to Trans-Jordan Cities were \$195,339 for fiscal year 2017.



NOTE 9 – INVESTMENTS IN JOINT VENTURES (continued)

B. Central Valley Water Reclamation Facility

The Central Valley Water Reclamation Facility (the Facility) is a separate legal entity and political subdivision of the State of Utah, was formed pursuant to the Utah Interlocal Co-operation Act. The Facility's membership consists of five special-purpose government entities and two cities. The Facility was formed to plan, construct, and operate a regional sewage treatment facility for the benefit of the seven members. Members of the Facility are required to pay their proportionate share of monthly operating costs, construction costs, maintenance, and administrative costs. The Facility is governed by its Board of Directors. Under the Organization Agreement, all seven members (one of whom is the City), are entitled to designate one of the Facility's seven directors. The City's share of operations, maintenance, administration expenses, and debt service amounted to \$3,440,608 in 2017. The Wastewater Fund made a net contribution of \$173,585 to the Facility in 2017 and recorded a (\$176,267) loss in the joint venture resulting in a net decrease in its investment in the Facility of (\$2,409).

During 2005, the Facility issued \$35,000,000 of revenue bonds. The City's share of the total outstanding obligation at December 31, 2016 is \$1,899,066. 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. As of June 30, 2017, the City has paid its obligation in full.

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.

The Wastewater Fund (an enterprise fund) has an approximate 8.37 percent ownership in the Central Valley Water Reclamation Facility (the Facility).

NOTE 10 – INTERLOCAL AGREEMENTS

A. Utah Associated Municipal Power System (UAMPS)

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

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

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



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

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

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

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

These entitlement payments represent prepayment of future generation fees for the projects and are being amortized over the lives of the service contracts. The unamortized balance of prepaid generation and transmission fees at June 30, 2017 is \$1,227,848, 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 (the Center). The Center was organized June 30, 1988, as a joint enterprise between the City, Midvale City, Salt Lake County, Sandy City, South Jordan City, West Jordan City, and West Valley City. The primary purpose of the Center is to fund and operate a communications center which handles communications and other services for the members, including police, fire, 911 service, dispatch, and records services.

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

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



NOTE 10 – INTERLOCAL AGREEMENTS (continued)

C. Drug Enforcement Administration - Metro Task Force

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

Separate audited financial statements for DEA-Metro Task Force may be obtained from Murray City, Finance Department 5025 South State Street, Murray, UT 84157-0520.

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 – CAPITAL AND OPERATING LEASES

The City has entered into lease agreements, as lessee, to finance the acquisition or use of equipment. These lease agreements qualify as capital or operating leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. The assets acquired or used through capital or operating leases are as follows:

Description	Original Principal	Interest Rate	Historic Cost	Accumulated Depreciation	Type
IBM Server	\$ 95,795	2.48%	\$ 95,795	\$ 92,602	Capital
Asphalt Grinder	420,000	1.23%	414,080	158,731	Capital
Mail Machine	\$ 96,353	NA	\$ 96,353	NA	Operating

The annual operating lease expense for the mail machine is \$19,271.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2017 were as follows:

	FY 2018	FY 2019	Total
Asphalt Grinder	\$ 80,014	\$ -	\$ 80,014
Mail Machine	19,271	14,452	33,723
Total minimum lease payments	\$ 99,285	\$ 14,452	113,737
Less: Interest portion			(972)
Present value of minimum lease payments			112,765
Amount due within one year			(99,285)
Amount due after one year			\$ 13,480



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 2007 Sales Tax Revenue Bond

Purpose: Advanced refunding of the Series 1997 and Series 2001A Bonds
 Date of issuance: March 20, 2007
 Interest rate: 3.75% - 5.00%
 Original issuance: \$9,990,000

Debt service requirements to maturity, including interest: None

Defeasance of Debt – On December 1, 2016, the City defeased the Series 2007 revenue bonds in full with cash from the General Fund.

B. 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>
2018	\$ 135,000	\$ 49,250	\$184,250
2019	130,000	41,650	171,650
2020	135,000	34,450	169,450
2021	140,000	26,660	166,660
2022	145,000	18,275	163,275
2023	150,000	9,460	159,460
	<u>\$ 835,000</u>	<u>\$179,745</u>	<u>\$1,014,745</u>

Advanced Defeasance of Debt – At June 30, 2017, the defeased balance of this debt is \$945,000.

C. Series 2014 Sales Tax Revenue Bond

Purpose: Property acquisition for downtown development
 Date of issuance: February 4, 2014
 Interest rate: 1.32%
 Original issuance: \$1,343,000

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 272,000	\$ 7,234	\$279,234
2019	276,000	3,643	279,643
	<u>\$ 548,000</u>	<u>\$ 10,877</u>	<u>\$558,877</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

D. 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>
2018	\$ 25,000	\$ 268,400	\$291,400
2019	25,000	267,775	292,775
2020	305,000	261,300	566,300
2021	315,000	248,900	563,900
2022	330,000	236,000	566,000
2023-2027	1,860,000	967,000	2,827,000
2028-2032	2,275,000	554,700	2,829,700
2033-2035	1,600,000	97,800	1,697,800
	<u>\$ 6,735,000</u>	<u>\$2,901,875</u>	<u>\$9,634,875</u>

E. 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 Wasterwater Fund is responsible for 37.41% of this debt service.

Debt service requirements to maturity, including interest:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 515,000	\$ 93,537	\$608,537
2019	525,000	80,147	605,147
2020	540,000	66,435	606,435
2021	555,000	52,337	607,337
2022	570,000	37,853	607,853
2023-2027	1,185,000	30,707	1,215,707
	<u>\$ 3,890,000</u>	<u>\$361,016</u>	<u>\$4,251,016</u>



NOTE 12 – LONG-TERM LIABILITIES (continued)

F. Series 2012 Sewer Revenue Bonds

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

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 112,000	\$ 55,075	\$ 167,075
2019	116,000	52,275	168,275
2020	119,000	49,375	168,375
2021	122,000	46,400	168,400
2022	125,000	43,350	168,350
2023-2027	677,000	168,150	845,150
2028-2032	767,000	79,075	846,075
2033	165,000	4,125	169,125
	<u>\$ 2,203,000</u>	<u>\$ 497,825</u>	<u>\$ 2,700,825</u>

G. Series 2013 Storm Water Revenue Bonds

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 115,000	\$ 64,492	\$ 179,492
2019	115,000	62,192	177,192
2020	120,000	59,892	179,892
2021	125,000	57,492	182,492
2022	125,000	54,992	179,992
2023-2027	675,000	230,010	905,010
2028-2032	810,000	115,200	925,200
2033	170,000	5,100	175,100
	<u>\$ 2,255,000</u>	<u>\$ 649,370</u>	<u>\$ 2,904,370</u>

MURRAY CITY
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2017



NOTE 12 – LONG-TERM LIABILITIES (continued)

H. Series 2016 Storm Water Revenue Bonds

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 105,000	\$ 89,550	\$ 194,550
2019	110,000	86,400	196,400
2020	115,000	82,000	197,000
2021	115,000	77,400	192,400
2022	120,000	72,800	192,800
2023-2027	680,000	288,000	968,000
2028-2032	835,000	139,800	974,800
2033	185,000	7,400	192,400
	<u>\$ 2,265,000</u>	<u>\$ 843,350</u>	<u>\$ 3,108,350</u>

I. Changes in Long-term Liabilities

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due in One Year</u>
Governmental activities					
Bonds payable					
Series 2007 Sales Tax Revenue Bonds	\$ 3,485,000	\$ -	\$ (3,485,000)	\$ -	\$ -
Series 2009A Sales Tax Revenue Bonds	1,370,000	-	(535,000)	835,000	135,000
Series 2014 Sales Tax Revenue Bonds	816,000	-	(268,000)	548,000	272,000
Series 2016 Sales Tax Revenue Bonds	-	6,735,000	-	6,735,000	25,000
Unamortized premium	62,941	786,560	(113,695)	735,806	-
Total bonds payable	5,733,941	7,521,560	(4,401,695)	8,853,806	432,000
Capital lease	220,278	-	(107,513)	112,765	79,042
Compensated absences	3,127,521	2,294,969	(2,353,501)	3,068,989	2,149,373
Net OPEB payable	211,799	-	(75,522)	136,277	-
Total governmental long-term obligations	\$ 9,293,539	\$ 9,816,529	\$ (6,938,231)	\$ 12,171,837	\$ 2,660,415
Business-type activities					
Bonds payable					
Series 2012 Water and Sewer Revenue Bonds	\$ 4,390,000	\$ -	\$ (500,000)	\$ 3,890,000	\$ 515,000
Series 2012 Sewer Revenue Bonds	1,203,000	1,110,000	(110,000)	2,203,000	112,000
Series 2013 Storm Water Revenue Bonds	2,365,000	-	(110,000)	2,255,000	115,000
Series 2016 Storm Water Revenue Bonds	-	2,375,000	(110,000)	2,265,000	105,000
Deferred loss	(231,694)	-	29,896	(201,798)	-
Unamortized premium	85,862	139,722	(23,168)	202,416	-
Total bonds payable	7,812,168	3,624,722	(823,272)	10,613,618	847,000
Compensated absences	1,134,804	777,273	(712,449)	1,199,628	799,551
Net OPEB payable	241,225	-	(50,848)	190,377	-
Total business-type long-term obligations	\$ 9,188,197	\$ 4,401,995	\$ (1,586,569)	\$ 12,003,623	\$ 1,646,551



NOTE 12 – LONG-TERM LIABILITIES (continued)

J. OPEB and Pension Liabilities

In governmental funds, the City's General Fund is the only fund used to liquidate pension and OPEB liabilities. The following is a 3-year history of the change in these long-term liabilities by fund.

	FY 2017	FY 2016	FY 2015
General fund			
Net OPEB payable	\$ 136,277	\$ 211,799	\$ 257,530
Pension liability, net	\$ 6,495,900	\$ 5,731,435	\$ 6,255,395

NOTE 13 – RISK MANAGEMENT

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

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

NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS

A. Contingent Liabilities

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

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

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



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

A. Contingent Liabilities (continued)

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, 2017.

Project type	Contract Amount	Spent-to-date	Remaining commitment
Street construction projects	\$ 405,117	\$ 96,148	\$ 308,969
Parks and recreation construction projects	3,401,114	2,769,588	631,526
Public safety construction projects	294,120	105,524	188,596
Storm water construction projects	1,081,683	-	1,081,683
Property acquisition	1,514,776	-	1,514,776
	<u>\$6,696,810</u>	<u>\$2,971,260</u>	<u>\$3,725,550</u>

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

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

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

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



NOTE 14 – CONTINGENT LIABILITIES AND COMMITMENTS (continued)

B. Commitments (continued)

In December 2011, UTOPIA completed a second amended and restated pledge and loan agreement with its member cities. This change occurred so that UTOPIA could refund the Series 2008 Bonds. This reduced UTOPIA's market risk and administrative costs. This also drew down the restricted money that had been set aside for UTOPIA's Series 2004 Debt Service Reserve Fund. This amendment also helps assure that money will be available to make timely debt service payments since the member cities pay directly into the Debt Service fund and are no longer paying into the Debt Service Reserve fund. The maximum amount committed by the City for year ended June 30, 2017 was \$1,714,078, with a 2 percent increase per year through 2040. The payment commitment for fiscal year 2018 is \$1,748,360. The total debt service payments paid by the City as of June 30, 2017 is \$11,845,464. 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, 2017 is \$183,699,173 of which the City is responsible for 12.32 percent or \$22,631,738.

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 has paid \$0 operational expenses to UIA for the year ended June 30, 2017. Cumulative payments to UIA for operational expenses is \$141,666. UIA's total bonded debt as of June 30, 2017 is \$60,020,000 of which the City is obligated for 13.40 percent or \$8,042,680. The amount of required support for debt service is determined annually by UIA. The City has paid \$0 debt service for UIA for the year ended June 30, 2017. Cumulative payments to UIA for debt service is \$0.

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 and the State, nor any political subdivision thereof, is obligated in any manner for repayment of the bonds. Accordingly, the bonds are not reported as liabilities in the accompanying financial statements.

As of June 30, 2017, there have been ten series of Industrial Revenue Bonds issued. The aggregate principal amount payable could not be determined; however, their original issue amounts totaled \$97 million.



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, 2016; however, the RDA has agreed to make payments on the Series 2009B, 2014, and 2016 sales tax bonds. It is also important to note significant land acquisition occurred in FY 2017 which was financed by the Series 2016 Sales Tax Revenue Bonds.

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

	FY 2017	FY 2016
Tax increment collection for various project areas	\$ 2,658,774	\$ 2,759,197
Public improvements, including housing donations	(6,507,538)	(831,612)
Debt service	(945,605)	(1,064,824)
Tax increment distributions	(802,279)	(744,101)
Administrative costs	(343,993)	(668,475)

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

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



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

A. Defined Benefit Plans (continued)

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

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

* with actuarial reductions

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



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

A. Defined Benefit Plans (continued)

Contributions. 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, 2017 are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer rate 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	14.91%	1.78%
Noncontributory System				
15 - Local Governmental Division Tier 1	N/A	N/A	18.47%	N/A
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%	3.89%	N/A
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%

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, 2017, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 2,196,575	NA
Contributory System	72,189	-
Public Safety System	1,162,087	-
Firefighters System	131,031	-
Tier 2 Public Employees System	339,392	-
Tier 2 Public Safety and Firefighter System	270,278	-
Tier 2 DC Only System	26,453	NA
Tier 2 DC Public Safety and Firefighter System	1,548	NA
Total contributions	\$ 4,199,553	



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

A. Defined Benefit Plans (continued)

Pension assets, liabilities, expense, and deferred outflows and/or inflows of resources relating to pensions. At June 30, 2017, the City reported a net pension asset of \$110,295 and a net pension liability of \$15,120,450.

System	Measurement Date: December 31, 2016				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share December 31, 2015	Change (Decrease)
Noncontributory System	\$ -	\$ 9,085,723	1.4149520%	1.3994505%	0.0155015%
Contributory System	-	785,139	2.3929059%	1.3895583%	1.0033476%
Public Safety System	-	5,220,064	2.5723775%	2.4167832%	0.1555943%
Firefighters System	95,289	-	12.0871251%	11.5488265%	0.5382986%
Tier 2 Public Employees System	-	29,524	0.2646738%	0.2407870%	0.0238868%
Tier 2 Public Safety and Firefighter System	15,006	-	1.7286488%	1.8809637%	-0.1523149%
	<u>\$ 110,295</u>	<u>\$ 15,120,450</u>			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 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, 2017, the City recognized a pension expense of \$5,155,217.

At June 30, 2017, 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	\$ 209,103	\$ 905,122
Changes in assumptions	2,634,450	782,639
Net difference between projected and actual earnings on pension plan investments	4,262,823	1,237,851
Changes in proportion and differences between contributions and proportionate share of contributions	266,723	28,260
Contributions subsequent to the measurement date	1,902,896	-
	<u>\$ 9,275,995</u>	<u>\$ 2,953,872</u>

\$1,902,896 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2016.

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.

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2017	\$ 1,355,932
2018	1,490,619
2019	1,676,879
2020	(179,703)
2021	(19,785)
Thereafter	95,280



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

A. Defined Benefit Plans (continued)

Actuarial assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following assumptions, applied to all periods included in the measurement.

Inflation	2.60 percent
Salary increases	3.35 - 10.35 percent, average (including inflation)
Investment rate of return	7.20 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.

The actuarial assumptions used in the January 1, 2016 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2013.

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 arithmetic real rates of return for each major asset class are summarized in the following table.

Asset Class	Expected Return Arithmetic Basis		
	Target asset allocation	Real return arithmetic basis	Long-term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		5.23%
Inflation			2.60%
Expected arithmetic nominal return			7.83%

The 7.20% assumed investment rate of return is comprised of an inflation rate of 2.60%, a real return of 4.60% that is net of investment expense.

Discount rate. The discount rate used to measure the total pension liability was 7.20 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 was reduced to 7.20 percent from 7.50 percent from the prior measurement period.



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 7.20 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 (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate.

	1% decrease (6.20%)	Discount rate (7.20%)	1% increase (8.20%)
Noncontributory System	\$ 18,819,612	\$ 9,085,723	\$ 963,326
Contributory System	1,890,100	785,139	(145,678)
Public Safety System	10,856,550	5,220,064	638,370
Firefighters System	3,445,856	(95,289)	(2,968,576)
Tier 2 Public Employees System	200,961	29,524	(100,896)
Tier 2 Public Safety and Firefighter System	104,984	(15,006)	(107,215)
	<u>\$ 35,318,063</u>	<u>\$ 15,010,155</u>	<u>\$ (1,720,669)</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

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 2017	FY 2016	FY 2015
401 (k) Plan			
Employer contributions	\$ 930,524	\$ 864,323	\$ 825,829
Employee contributions	521,556	485,059	519,846
457 Plan			
Employer contributions	-	-	-
Employee contributions	214,255	237,178	251,181



NOTE 18 – OTHER POST-EMPLOYMENT BENEFITS

For employees who retired prior to September 30, 2011, the City provided post-retirement health care benefits (OPEB) in accordance with City policy. As of the end of the current fiscal year, there are 21 retirees who qualify and receive a benefit from the City in the amount of 20 to 30 percent of the premium. The amount contributed is based on the retiree's years of service. This post-employment benefit is available until the retiree reaches the age of 65, at which time they are no longer eligible to participate. For governmental funds, most of the costs are paid by the general fund.

From October 1, 2011 to March 31, 2013, retirees could stay on the City health insurance plan at their own expense until age sixty-five. On April 1, 2013, the City discontinued its OPEB plan.

The City does not prepare separate financial statements for the OPEB plan. The single-employer plan is administered by the City. Policy for the City's OPEB plan is set and amended by the Mayor.

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

Annual required contribution	\$ 74,951
Adjustments to annual required contribution	-
Interest adjustment	-
Total required contribution	74,951
Amount contributed	<u>(74,951)</u>
Increase (decrease) to net OPEB obligation	\$ -
Net OPEB obligation, beginning of year	\$ -
Net OPEB obligation, ending of year	\$ -

The following table outlines the City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2017 and the two preceding years.

Year Ended June 30,	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
2017	\$ 74,951	100.0%	\$ -
2016	78,272	100.0%	-
2015	76,316	100.0%	-

The City uses an alternative measurement method to estimate the OPEB liability. The method uses the retiree premiums from May 2017 to project out the future liability with an eight percent growth rate. This grow rate is comparable to the City's historical insurance rate increases. With no future additions, the only changes in the liability occur when retirees discontinue, change coverage, or reach age 65.



NOTE 19 – FUND BALANCE

Financial statement fund balance category details are as follows:

Fund Type	General Fund	Capital Projects Fund	Redevelopment Agency Fund	Other Governmental Funds	Total
Non-spendable					
Prepays	\$ 128,810	\$ -	\$ -	\$ 22,524	\$ 151,334
Endowment	-	-	-	16,195	16,195
Restricted					
Alcohol tax	29,934	-	-	-	29,934
Class C roads	292,723	-	-	-	292,723
Historic smelter	15,500	-	-	-	15,500
State allowance	-	699,191	-	-	699,191
Redevelopment	-	-	2,833,031	-	2,833,031
Debt service	1,740	-	756	-	2,496
Library	-	-	-	540,475	540,475
Low-income housing	-	-	1,186,521	-	1,186,521
Committed					
Cemetery perpetual care	-	-	-	1,420,160	1,420,160
Assigned					
Capital projects	-	12,016,208	-	-	12,016,208
Unassigned	8,797,070	-	-	-	8,797,070
	<u>\$ 9,265,777</u>	<u>\$ 12,715,399</u>	<u>\$ 4,020,308</u>	<u>\$ 1,999,354</u>	<u>\$ 28,000,838</u>

NOTE 20 – SUBSEQUENT EVENTS

On July 10, 2017, the City purchased property and a building located in the downtown area in the amount of \$1,800,000. The property is a historic structure often referred to as the Murray Mansion.

REQUIRED SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2017

MURRAY CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
REVENUES				
Sales tax	\$ 18,713,834	\$ 18,794,034	\$ 19,433,656	\$ 639,622
Property taxes	6,616,431	6,616,431	6,792,773	176,342
Franchise taxes	4,647,000	4,647,000	4,666,627	19,627
Licenses and permits	1,264,050	1,264,050	2,087,591	823,541
Intergovernmental	1,808,000	2,157,721	2,294,644	136,923
Charges for services	2,843,800	2,858,655	3,463,994	605,339
Fines and forfeitures	1,567,000	1,567,000	1,306,571	(260,429)
Emergency 911 fees	450,000	450,000	475,143	25,143
Miscellaneous	198,721	257,769	346,451	88,682
Investment income	55,000	55,000	128,542	73,542
Total revenues	<u>38,163,836</u>	<u>38,667,660</u>	<u>40,995,992</u>	<u>2,328,332</u>
EXPENDITURES				
General government				
Administrative and development services	3,185,052	3,249,028	3,119,138	(129,890)
Finance	389,401	420,582	377,974	(42,608)
Human resources	86,342	287,051	260,562	(26,489)
Justice court	1,244,533	1,253,143	1,220,870	(32,273)
Legal	714,003	715,420	723,097	7,677
Legislative	234,126	241,870	231,362	(10,508)
Mayor	411,500	412,209	326,392	(85,817)
Non-departmental	425,392	499,306	433,695	(65,611)
Total general government	<u>6,890,349</u>	<u>7,078,609</u>	<u>6,693,090</u>	<u>(385,519)</u>
Public safety				
Emergency 911 service	450,000	450,000	475,143	25,143
Fire department	7,581,167	7,805,884	7,688,219	(117,665)
Police department	11,107,854	11,383,669	10,858,462	(525,207)
Total public safety	<u>19,139,021</u>	<u>19,639,553</u>	<u>19,021,824</u>	<u>(617,729)</u>
Highways and public improvements				
Engineering	724,171	725,352	697,041	(28,311)
Streets and highways	3,118,576	3,231,411	2,631,813	(599,598)
Shops and garages	106,600	106,600	87,981	(18,619)
Total highways and public improvements	<u>3,949,347</u>	<u>4,063,363</u>	<u>3,416,835</u>	<u>(646,528)</u>
Parks, recreation, and culture				
Parks and recreation	5,609,164	5,630,342	5,483,519	(146,823)
Cemetery	426,805	425,660	375,522	(50,138)
Total parks, recreation, and culture	<u>6,035,969</u>	<u>6,056,002</u>	<u>5,859,041</u>	<u>(196,961)</u>
Debt service				
Principal	4,073,245	4,073,245	3,713,242	(360,003)
Interest and fiscal charges	264,784	264,784	137,500	(127,284)
Pledge payment - UTOPIA debt service	1,717,000	1,717,000	1,714,078	(2,922)
Total debt service	<u>6,055,029</u>	<u>6,055,029</u>	<u>5,564,820</u>	<u>(490,209)</u>
Total expenditures	<u>42,069,715</u>	<u>42,892,556</u>	<u>40,555,610</u>	<u>(2,336,946)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,905,879)</u>	<u>(4,224,896)</u>	<u>440,382</u>	<u>4,665,278</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	4,244,879	4,244,879	3,952,182	(292,697)
Transfers out	(3,184,000)	(3,184,000)	(4,684,000)	(1,500,000)
Net other financing sources (uses)	<u>1,060,879</u>	<u>1,060,879</u>	<u>(731,818)</u>	<u>(1,792,697)</u>
Net change in fund balance	(2,845,000)	(3,164,017)	(291,436)	\$ 2,872,581
Fund balance at beginning of year	9,557,213	9,557,213	9,557,213	
Fund balance at end of year	<u>\$ 6,712,213</u>	<u>\$ 6,393,196</u>	<u>\$ 9,265,777</u>	

MURRAY CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Tax increment	\$ 2,815,562	\$ 2,939,440	\$ 2,658,774	\$ (280,666)
Miscellaneous	-	-	16,982	16,982
Investment income	9,500	9,500	73,619	64,119
Total revenues	<u>2,825,062</u>	<u>2,948,940</u>	<u>2,749,375</u>	<u>(199,565)</u>
<u>EXPENDITURES</u>				
Highways and public improvements	2,912,244	11,732,244	7,214,933	(4,517,311)
Debt service				
Principal	268,000	718,000	663,000	(55,000)
Interest and fiscal charges	12,271	237,709	282,605	44,896
Total expenditures	<u>3,192,515</u>	<u>12,687,953</u>	<u>8,160,538</u>	<u>(4,527,415)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(367,453)</u>	<u>(9,739,013)</u>	<u>(5,411,163)</u>	<u>4,327,850</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond proceeds	-	7,521,560	7,521,560	-
Transfers in	-	500,000	500,000	-
Transfers out	(536,000)	(734,745)	(438,878)	295,867
Net other financing sources (uses)	<u>(536,000)</u>	<u>7,286,815</u>	<u>7,582,682</u>	<u>295,867</u>
Net change in fund balance	(903,453)	(2,452,198)	2,171,519	\$ 4,623,717
Fund balance at beginning of year	1,848,789	1,848,789	1,848,789	
Fund balance at end of year	<u>\$ 945,336</u>	<u>\$ (603,409)</u>	<u>\$ 4,020,308</u>	

MURRAY CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**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	\$ 636,927	\$ 1,767,372	\$ 1,667,372	\$ (100,000)
Miscellaneous	-	225,000	233,630	8,630
Investment income	-	20,000	142,402	122,402
Total revenues	<u>636,927</u>	<u>2,012,372</u>	<u>2,043,404</u>	<u>31,032</u>
<u>EXPENDITURES</u>				
General government	230,897	431,261	144,339	(286,922)
Public safety	670,000	670,000	635,033	(34,967)
Highways and public improvements	1,093,500	7,758,512	2,298,037	(5,460,475)
Parks, recreation, and culture	3,270,186	5,220,167	3,546,488	(1,673,679)
Total expenditures	<u>5,264,583</u>	<u>14,079,940</u>	<u>6,623,897</u>	<u>(7,456,043)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(4,627,656)</u>	<u>(12,067,568)</u>	<u>(4,580,493)</u>	<u>7,487,075</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	22,368	76,674	54,306
Transfers in	3,250,000	3,648,745	5,145,575	1,496,830
Transfers out	-	(571,171)	(571,171)	-
Net other financing sources (uses)	<u>3,250,000</u>	<u>3,099,942</u>	<u>4,651,078</u>	<u>1,551,136</u>
Net change in fund balance	<u>(1,377,656)</u>	<u>(8,967,626)</u>	<u>70,585</u>	<u>\$ 9,038,211</u>
Fund balance at beginning of year	<u>12,644,814</u>	<u>12,644,814</u>	<u>12,644,814</u>	
Fund balance at end of year	<u>\$ 11,267,158</u>	<u>\$ 3,677,188</u>	<u>\$ 12,715,399</u>	

MURRAY CITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
UTAH RETIREMENT SYSTEM
LAST 10 CALENDAR YEARS ***

Description	Noncontributory System	Contributory System	Public Safety System	Firefighters System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)						
2016	1.4149520%	2.3929059%	2.5723775%	12.0871251%	0.2467380%	1.7286488%
2015	1.3921619%	1.3895583%	2.4167832%	11.5488265%	0.2407870%	1.8809637%
2014	1.3936759%	1.2881602%	2.3828708%	11.8165586%	0.2312225%	1.7761219%
Proportionate share of the net pension liability (asset)						
2016	\$ 9,085,723	\$ 785,139	\$ 5,220,064	\$ (95,289)	\$ 29,524	\$ (15,006)
2015	7,918,772	976,657	4,329,066	(209,172)	(526)	(27,481)
2014	6,051,669	371,561	2,996,658	(674,298)	(7,007)	(26,275)
Covered employee payroll						
2016	\$ 12,293,961	\$ 574,149	\$ 3,828,372	\$ 3,398,063	\$ 2,170,558	\$ 1,428,252
2015	11,905,222	592,060	3,590,165	3,105,843	1,555,813	1,119,342
2014	11,874,331	688,420	3,620,709	3,136,424	1,134,435	734,851
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll						
2016	73.90%	136.75%	136.35%	-2.80%	1.36%	-1.05%
2015	66.52%	164.96%	120.58%	-6.73%	0.03%	-2.46%
2014	50.96%	54.00%	82.80%	-21.50%	-0.60%	-3.60%
Plan fiduciary net position as a percentage of is covered-employee payroll						
2016	87.3%	92.9%	-86.5%	100.4%	95.1%	103.6%
2015	87.8%	85.7%	87.1%	101.0%	100.2%	110.7%
2014	90.2%	94.0%	90.5%	103.5%	103.5%	120.5%

* 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 the RSI section of the Comprehensive Annual Finance Report. This schedule presents this 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, 2017



**SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEM
LAST 10 FISCAL YEARS ***

Retirement System Description	As of fiscal year-ended June 30,	Actuarial-determined contributions	Contributions in relation to the contractually-required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered-employee payroll
Noncontributory System						
	2017	\$ 2,207,591	\$ 2,207,591	\$ -	\$ 12,101,414	18.24%
	2016	2,181,985	2,181,985	-	11,929,341	18.29%
	2015	2,194,948	2,194,948	-	11,975,262	18.33%
Contributory System						
	2017	72,189	72,189	-	499,235	14.46%
	2016	83,310	83,310	-	576,133	14.46%
	2015	94,071	94,071	-	650,548	14.46%
Public Safety System						
	2017	1,162,087	1,162,087	-	3,586,349	32.40%
	2016	1,180,370	1,180,370	-	3,650,978	32.33%
	2015	1,142,893	1,142,893	-	3,572,076	32.00%
Firefighters System						
	2017	131,031	131,031	-	3,368,401	3.89%
	2016	124,809	124,809	-	3,128,658	3.99%
	2015	117,450	117,450	-	3,074,888	3.82%
Tier 2 Public Employees System *						
	2017	339,392	339,392	-	2,276,278	14.91%
	2016	271,016	271,016	-	1,817,920	14.91%
	2015	193,069	193,069	-	1,292,292	14.94%
Tier 2 Public Safety and Firefighter System						
	2017	270,278	270,278	-	1,458,513	18.53%
	2016	232,844	232,844	-	1,289,473	18.06%
	2015	170,014	170,014	-	934,688	18.19%
Tier 2 Public Employees DC Only System *						
	2017	26,453	26,453	-	395,408	6.69%
	2016	22,485	22,485	-	336,102	6.69%
	2015	18,143	18,143	-	269,988	6.72%
Tier 2 Public Safety and Firefighter DC Only System *						
	2017	1,548	1,548	-	81,781	1.89%
	2016	205	205	-	1,733	11.83%
	2015	5,178	5,178	-	43,767	11.83%

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

Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in the RSI section of their Comprehensive Annual Financial Report. Contributions as a percentage of covered-payroll may be different than the board-certified rate due to rounding and other administrative issues. This schedule presents this information from the date the information was required. Subsequent years will be added as the information becomes available.



NOTE 1 – CHANGES IN ASSUMPTIONS

The following actuarial assumption changes were adopted January 1, 2016. The assumed investment return assumption was decreased from 7.50% to 7.20% and the assumed inflation rate was decreased from 2.75% to 2.60%. With the decrease in the assumed rate of inflation, both the payroll growth and wage inflation assumptions were decreased by 0.15% from the prior year's assumption.

SUPPLEMENTARY INFORMATION



For Fiscal Year Ended June 30, 2017

OTHER GOVERNMENTAL FUNDS

Library Fund

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

Cemetery Perpetual Care Fund

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.



**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

	Special Revenue Funds		Total Non-Major Governmental Funds
	Library Fund	Cemetery Fund	
ASSETS			
Cash and cash equivalents	\$ 66,612	\$ 802,004	\$ 868,616
Investments	503,043	618,156	1,121,199
Accounts receivable (net of allowance)	-	-	-
Property taxes	1,522,583	-	1,522,583
Other	-	-	-
Due from other governments	-	-	-
Prepaid items	22,524	-	22,524
Restricted cash	16,195	-	16,195
Total assets	2,130,957	1,420,160	3,551,117
LIABILITIES			
Accounts payable	7,284	-	7,284
Accrued liabilities	43,543	-	43,543
Due to other government	-	-	-
Deposits	-	-	-
Total liabilities	50,827	-	50,827
DEFERRED INFLOWS OF RESOURCES			
Deferred ambulance billing	-	-	-
Deferred property taxes	1,500,936	-	1,500,936
Total deferred Inflows of resources	1,500,936	-	1,500,936
FUND BALANCE			
Non-spendable	38,719	-	38,719
Restricted	540,475	-	540,475
Committed	-	-	-
Assigned	-	1,420,160	1,420,160
Unassigned	-	-	-
Total fund balances	579,194	1,420,160	1,999,354
Total liabilities, deferred inflows of resources, and fund balances (deficits)	\$ 2,130,957	\$ 1,420,160	\$ 3,551,117



**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS**

	Special Revenue		Total Non-Major Governmental Funds
	Library Fund	Cemetery Fund	
REVENUES			
Property taxes	\$ 1,640,998	\$ -	\$ 1,640,998
Intergovernmental	12,200	-	12,200
Charges for services	-	15,210	15,210
Fines and forfeitures	40,301	-	40,301
Miscellaneous	11,137	-	11,137
Investment income	9,478	16,690	26,168
Total revenues	<u>1,714,114</u>	<u>31,900</u>	<u>1,746,014</u>
EXPENDITURES			
Parks, recreation, and culture	1,602,381	-	1,602,381
Total expenditures	<u>1,602,381</u>	<u>-</u>	<u>1,602,381</u>
Excess (deficiency) of revenues over (under) expenditures	<u>111,733</u>	<u>31,900</u>	<u>143,633</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	34,000	34,000
Transfers out	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>34,000</u>	<u>34,000</u>
Net change of fund balance	<u>111,733</u>	<u>65,900</u>	<u>177,633</u>
Fund balance at beginning of year	<u>467,461</u>	<u>1,354,260</u>	<u>1,821,721</u>
Fund balance at end of year	<u>\$ 579,194</u>	<u>\$1,420,160</u>	<u>\$ 1,999,354</u>

MURRAY CITY
OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



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

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Property taxes	\$ 1,616,403	\$ 1,616,403	\$ 1,640,999	\$ 24,596
Intergovernmental	12,000	12,000	12,200	200
Fines and forfeitures	50,000	50,000	40,301	(9,699)
Miscellaneous	7,500	10,098	11,137	1,039
Investment income	5,400	5,400	9,478	4,078
Total revenues	<u>1,691,303</u>	<u>1,693,901</u>	<u>1,714,115</u>	<u>20,214</u>
<u>EXPENDITURES</u>				
Parks, recreation, and culture	1,691,303	1,705,901	1,602,381	(103,520)
Total expenditures	<u>1,691,303</u>	<u>1,705,901</u>	<u>1,602,381</u>	<u>(103,520)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(12,000)</u>	<u>111,734</u>	<u>123,734</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change of fund balance	<u>-</u>	<u>(12,000)</u>	<u>111,734</u>	<u>\$ 123,734</u>
Fund balance at beginning of year	<u>467,461</u>	<u>467,461</u>	<u>467,461</u>	
Fund balance at end of year	<u>\$ 467,461</u>	<u>\$ 455,461</u>	<u>\$ 579,195</u>	

MURRAY CITY
OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**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	\$ -	\$ -	\$ 15,210	\$ 15,210
Miscellaneous	-	-	-	-
Investment income	-	-	16,690	16,690
Total revenues	-	-	31,900	31,900
<u>EXPENDITURES</u>				
Parks, recreation, and culture	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	31,900	31,900
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	34,000	34,000	34,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	34,000	34,000	34,000	-
Net change of fund balance	34,000	34,000	65,900	\$ 31,900
Fund balance at beginning of year	1,354,260	1,354,260	1,354,260	
Fund balance at end of year	\$ 1,388,260	\$ 1,388,260	\$ 1,420,160	

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**

	<u>Central Garage Fund</u>	<u>Retained Risk Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 188,517	\$ 1,592,159	\$ 1,780,676
Inventory	56,800	-	56,800
Prepaid items	-	3,000	3,000
Total current assets	<u>245,317</u>	<u>1,595,159</u>	<u>1,840,476</u>
Noncurrent assets			
Capital assets			
Equipment	205,253	-	205,253
Less: Accumulated depreciation	(97,647)	-	(97,647)
Total noncurrent assets	<u>107,606</u>	<u>-</u>	<u>107,606</u>
Total assets	<u>352,923</u>	<u>1,595,159</u>	<u>1,948,082</u>
DEFERRED OUTLFOWS OF RESOURCES			
Deferred pension costs	<u>75,799</u>	<u>58,077</u>	<u>133,876</u>
Total deferred outflows of resources	<u>75,799</u>	<u>58,077</u>	<u>133,876</u>
LIABILITIES			
Current liabilities			
Accounts payable	29,789	1,743	31,532
Accrued liabilities	12,207	260,228	272,435
Compensated absences	9,307	23,219	32,526
Total current liabilities	<u>51,303</u>	<u>285,190</u>	<u>336,493</u>
Noncurrent liabilities			
Compensated absences	4,658	11,619	16,277
Net pension payable	124,517	65,856	190,373
Total noncurrent liabilities	<u>129,175</u>	<u>77,475</u>	<u>206,650</u>
Total liabilities	<u>180,478</u>	<u>362,665</u>	<u>543,143</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred pension gains	<u>24,138</u>	<u>18,494</u>	<u>42,632</u>
Total deferred Inflows of resources	<u>24,138</u>	<u>18,494</u>	<u>42,632</u>
FUND BALANCE			
Net investment in capital assets	107,606	-	107,606
Unrestricted	116,500	1,272,077	1,388,577
Total fund balances	<u>224,106</u>	<u>1,272,077</u>	<u>1,496,183</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 428,722</u>	<u>\$ 1,653,236</u>	<u>\$ 2,081,958</u>



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

	Central Garage Fund	Retained Risk Fund	Total
OPERATING REVENUES			
Charges for services	\$ 429,226	\$ 1,065,343	\$ 1,494,569
Total operating revenues	<u>429,226</u>	<u>1,065,343</u>	<u>1,494,569</u>
OPERATING EXPENSES			
Wages and benefits	325,174	271,376	596,550
Operations and maintenance	40,350	697,470	737,820
Administrative fees	713	474	1,187
Depreciation	6,801	-	6,801
Total operating expenses	<u>373,038</u>	<u>969,320</u>	<u>1,342,358</u>
Operating income (loss)	<u>56,188</u>	<u>96,023</u>	<u>152,211</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment income	2,017	18,694	20,711
Total non-operating revenues (expenses)	<u>2,017</u>	<u>18,694</u>	<u>20,711</u>
Income (loss) before transfers	<u>58,205</u>	<u>114,717</u>	<u>172,922</u>
Transfers out	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
Change net position	<u>58,205</u>	<u>(185,283)</u>	<u>(127,078)</u>
Total net position - beginning	<u>165,901</u>	<u>1,457,360</u>	<u>1,623,261</u>
Total net position - ending	<u>\$ 224,106</u>	<u>\$ 1,272,077</u>	<u>\$ 1,496,183</u>

MURRAY CITY
OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

	Central Garage Fund	Risk Reserve Fund	Total
Cash flows from operating activities			
Receipts from customers and users	\$ 429,226	\$ 1,065,343	\$ 1,494,569
Payments to suppliers of goods and services	(9,413)	(706,122)	(715,535)
Payments to employees for services	(316,047)	(263,921)	(579,968)
Payment for interfund services	(713)	(474)	(1,187)
Net cash provided (used) by operating activities	<u>103,053</u>	<u>94,826</u>	<u>197,879</u>
Cash flows from noncapital financing activities			
Transfers to other funds	-	(300,000)	(300,000)
Changes to interfund receivables and payables	-	-	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(300,000)</u>	<u>(300,000)</u>
Cash flows from capital and related financing activities			
Purchases of capital assets	(62,696)	-	(62,696)
Net cash provided (used) by capital and related financing activities	<u>(62,696)</u>	<u>-</u>	<u>(62,696)</u>
Cash flows from investing activities			
Sale (purchase) of investments	-	-	-
Investment income	2,017	18,694	20,711
Net cash provided by investing activities	<u>2,017</u>	<u>18,694</u>	<u>20,711</u>
Net increase (decrease) in cash and cash equivalents	42,374	(186,480)	(144,106)
Cash and cash equivalents - beginning of year	<u>146,143</u>	<u>1,778,639</u>	<u>1,924,782</u>
Cash and cash equivalents - end of year	<u>\$ 188,517</u>	<u>\$ 1,592,159</u>	<u>\$ 1,780,676</u>
Reconciliation of operating income to net cash provided (used) by operating activities			
Operating income (loss)	\$ 56,188	\$ 96,023	\$ 152,211
Adjustments to reconcile operating income to net cash provided by:			
Depreciation and amortization	6,801	-	6,801
(Increase) decrease in inventory and prepaid items	3,186	(3,000)	186
(Increase) decrease in liabilities	36,878	1,803	38,681
Net cash provided by operating activities	<u>\$ 103,053</u>	<u>\$ 94,826</u>	<u>\$ 197,879</u>

NON-MAJOR PROPRIETARY FUNDS

Solid Waste Fund

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

Murray Parkway Fund

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

Telecom Fund

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

MURRAY CITY
OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**STATEMENT OF NET POSITION
NON-MAJOR PROPRIETARY FUNDS**

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 214,279	\$ 323,534	\$ 108,393	\$ 646,206
Accounts receivable (net)	1,236	131,100	4,194	136,530
Notes receivable	-	-	33,292	33,292
Inventory	56,295	-	-	56,295
Total current assets	<u>271,810</u>	<u>454,634</u>	<u>145,879</u>	<u>872,323</u>
Noncurrent assets				
Notes receivable	-	-	368,135	368,135
Capital assets				
Land	326,336	-	-	326,336
Construction in progress	-	-	-	-
Buildings	873,119	-	-	873,119
Improvements other than buildings	6,044,390	-	-	6,044,390
Equipment	927,975	328,183	-	1,256,158
Less: Accumulated depreciation	(5,195,149)	(53,937)	-	(5,249,086)
Total noncurrent assets	<u>2,976,671</u>	<u>274,246</u>	<u>368,135</u>	<u>3,619,052</u>
Total assets	<u>3,248,481</u>	<u>728,880</u>	<u>514,014</u>	<u>4,491,375</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension costs	155,285	16,775	-	172,060
Total deferred outflows of resources	<u>155,285</u>	<u>16,775</u>	<u>-</u>	<u>172,060</u>
LIABILITIES				
Current liabilities				
Accounts payable	3,244	102,206	-	105,450
Accrued liabilities	146,689	9,273	-	155,962
Due to other funds	1,473,241	-	-	1,473,241
Compensated absences	70,512	2,994	-	73,506
Notes payable	-	-	33,292	33,292
Total current liabilities	<u>1,693,686</u>	<u>114,473</u>	<u>33,292</u>	<u>1,841,451</u>
Noncurrent liabilities				
Notes payable	-	-	368,135	368,135
Compensated absences	35,282	1,498	-	36,780
Net pension payable	265,120	15,468	-	280,588
Total noncurrent liabilities	<u>300,402</u>	<u>16,966</u>	<u>368,135</u>	<u>685,503</u>
Total liabilities	<u>1,994,088</u>	<u>131,439</u>	<u>401,427</u>	<u>2,526,954</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred pension gains	49,449	5,342	-	54,791
Total deferred inflows of resources	<u>49,449</u>	<u>5,342</u>	<u>-</u>	<u>54,791</u>
FUND BALANCE				
Net investment in capital assets	1,503,430	274,246	-	1,777,676
Unrestricted	(143,201)	334,628	112,587	304,014
Total fund balances	<u>1,360,229</u>	<u>608,874</u>	<u>112,587</u>	<u>2,081,690</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 3,403,766</u>	<u>\$ 745,655</u>	<u>\$ 514,014</u>	<u>\$ 4,663,435</u>



**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
NON-MAJOR PROPRIETARY FUNDS**

	Enterprise Funds			
	Murray Parkway Recreation Fund	Solid Waste Manage- ment Fund	Telecom Fund	Total
<u>OPERATING REVENUES</u>				
Charges for services	\$ 1,175,814	\$ 1,604,107	\$ 67,877	\$ 2,847,798
Other	3,872	508	-	4,380
Total operating revenues	<u>1,179,686</u>	<u>1,604,615</u>	<u>67,877</u>	<u>2,852,178</u>
<u>OPERATING EXPENSES</u>				
Wages and benefits	823,748	148,515	-	972,263
Administrative fees	713	114,286	-	114,999
Operations and maintenance	592,953	1,275,529	67,649	1,936,131
Depreciation and amortization	310,608	32,818	-	343,426
Total operating expenses	<u>1,728,022</u>	<u>1,571,148</u>	<u>67,649</u>	<u>3,366,819</u>
Operating income (loss)	<u>(548,336)</u>	<u>33,467</u>	<u>228</u>	<u>(514,641)</u>
<u>NONOPERATING REVENUES (EXPENSES)</u>				
Investment income	10,387	2,941	1,016	14,344
Interest and fiscal charges	<u>(1,068)</u>	<u>-</u>	<u>-</u>	<u>(1,068)</u>
Total nonoperating revenues (expenses)	<u>9,319</u>	<u>2,941</u>	<u>1,016</u>	<u>13,276</u>
Income (loss) before contributions and transfers	<u>(539,017)</u>	<u>36,408</u>	<u>1,244</u>	<u>(501,365)</u>
Transfers in	-	-	-	-
Transfers out	-	<u>(110,818)</u>	-	<u>(110,818)</u>
Change in net position	<u>(539,017)</u>	<u>(74,410)</u>	<u>1,244</u>	<u>(612,183)</u>
Total net position, beginning	<u>1,899,246</u>	<u>683,284</u>	<u>111,343</u>	<u>2,693,873</u>
Total net position, ending	<u>\$ 1,360,229</u>	<u>\$ 608,874</u>	<u>\$ 112,587</u>	<u>\$ 2,081,690</u>

MURRAY CITY
OTHER SUPPLEMENTARY INFORMATION
For the Fiscal Year Ended June 30, 2017



**STATEMENT OF CASH FLOWS
NON-MAJOR PROPRIETARY FUNDS**

	Murray Parkway Recreation Fund	Solid Waste Management Fund	Telecom Fund	Total
Cash flows from operating activities				
Receipts from customers and users	\$ 1,178,450	\$ 1,600,307	\$ 69,456	\$ 2,848,213
Payments to suppliers of goods and services	(563,779)	(1,267,352)	(67,649)	(1,898,780)
Payments to employees for services	(796,262)	(149,065)	-	(945,327)
Payment for interfund services	(713)	(114,286)	-	(114,999)
Net cash provided (used) by operating activities	<u>(182,304)</u>	<u>69,604</u>	<u>1,807</u>	<u>(110,893)</u>
Cash flows from noncapital financing activities				
Transfers to other funds	-	(110,818)	-	(110,818)
Changes to interfund receivables and payables	<u>1,430,509</u>	<u>-</u>	<u>-</u>	<u>1,430,509</u>
Net cash provided (used) by noncapital financing activities	<u>1,430,509</u>	<u>(110,818)</u>	<u>-</u>	<u>1,319,691</u>
Cash flows from capital and related financing activities				
Proceeds from sale of capital assets	12,020	-	-	12,020
Purchases of capital assets	(2,378,753)	-	-	(2,378,753)
Interest and fiscal charges paid on capital debt	(1,068)	-	-	(1,068)
Net cash provided (used) by capital and related financing activities	<u>(2,367,801)</u>	<u>-</u>	<u>-</u>	<u>(2,367,801)</u>
Cash flows from investing activities				
Sale (purchase) of investments	308,574	-	-	308,574
Investment income	<u>10,387</u>	<u>2,941</u>	<u>1,016</u>	<u>14,344</u>
Net cash provided by investing activities	<u>318,961</u>	<u>2,941</u>	<u>1,016</u>	<u>322,918</u>
Net increase (decrease) in cash and cash equivalents	<u>(800,635)</u>	<u>(38,273)</u>	<u>2,823</u>	<u>(836,085)</u>
Cash and cash equivalents - beginning of year	<u>1,014,914</u>	<u>361,807</u>	<u>105,570</u>	<u>1,482,291</u>
Cash and cash equivalents - end of year	<u>\$ 214,279</u>	<u>\$ 323,534</u>	<u>\$ 108,393</u>	<u>\$ 646,206</u>
Reconciliation of operating income to net cash provided (used) by operating activities				
Operating income (loss)	\$ (548,336)	\$ 33,467	\$ 228	\$ (514,641)
Adjustments to reconcile operating income to net cash provided by:				
Depreciation and amortization	310,608	32,818	-	343,426
Investments in joint ventures	-	-	-	-
(Increase) decrease in receivables	(1,236)	(4,308)	1,579	(3,965)
(Increase) decrease in inventory and prepaid items	18,021	-	-	18,021
(Increase) decrease in liabilities	38,639	7,627	-	46,266
Net cash provided by operating activities	<u>\$ (182,304)</u>	<u>\$ 69,604</u>	<u>\$ 1,807</u>	<u>\$ (110,893)</u>

STATISTICAL SECTION



For Fiscal Year Ended June 30, 2017



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

Financial Trends

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

Revenue Capacity

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



NET POSITION BY COMPONENT

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Governmental activities										
Net investment in capital assets	\$ 70,308	\$ 64,825	\$ 60,998	\$ 56,505	\$ 57,483	\$ 56,770	\$ 55,550	\$ 58,427	\$ 59,490	\$ 52,903
Non-spendable	168	-	-	-	-	-	-	-	-	-
Restricted	5,600	4,030	3,633	5,878	2,364	2,897	4,151	3,432	6,295	520
Unrestricted	16,093	16,398	15,199	20,496	20,391	17,159	14,273	10,222	8,984	22,141
Total governmental net position	92,169	85,253	79,830	82,879	80,238	76,826	73,974	72,081	74,769	75,564
Business-type activities										
Net investment in capital assets	66,627	71,916	63,107	62,237	56,679	55,047	55,429	51,828	53,074	53,269
Restricted	2,803	296	599	2,303	3,215	-	1,005	1,000	1,003	-
Unrestricted	25,233	20,862	24,469	24,284	24,892	20,611	16,389	14,758	16,660	18,306
Total business-type net position	94,663	93,074	88,175	88,824	84,786	75,658	72,823	67,586	70,737	71,575
Primary government										
Net investment in capital assets	136,935	136,741	124,105	118,742	114,162	111,817	110,979	110,255	112,564	106,172
Non-spendable	168	-	-	-	-	-	-	-	-	-
Restricted	8,403	4,326	4,232	8,181	5,579	2,897	5,157	4,432	7,298	520
Unrestricted	41,326	37,260	39,668	44,780	45,283	37,770	30,662	24,980	25,644	40,447
Total primary gov't net position	\$ 186,832	\$ 178,327	\$ 168,005	\$ 171,703	\$ 165,024	\$ 152,484	\$ 146,798	\$ 139,667	\$ 145,506	\$ 147,139



CHANGE IN NET POSITION

Last Ten Fiscal Years

Accrual basis of accounting

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Expenses										
Governmental activities										
General government	\$ 8,988	\$ 8,192	\$ 8,195	\$ 8,279	\$ 7,406	\$ 8,984	\$ 10,198	\$ 9,821	\$ 9,033	\$ 5,536
Public safety	20,510	19,661	17,450	17,996	16,356	16,679	17,790	18,459	18,182	15,990
Highways and public improvements	6,842	6,870	6,291	6,837	8,666	7,880	7,277	8,034	7,008	5,989
Parks, recreation, and culture	8,682	8,444	8,030	7,947	7,539	7,068	7,480	7,717	7,265	7,741
Debt service - interest and fiscal charges	323	317	303	336	384	440	548	621	559	489
Total governmental expenses	45,345	43,484	40,269	41,395	40,351	41,051	43,293	44,652	42,047	35,745
Business-type activities										
Water	4,755	4,560	4,399	4,139	4,128	4,085	4,887	5,998	4,223	3,520
Wastewater	5,612	3,425	3,555	3,412	3,354	3,255	2,732	3,274	3,563	2,746
Power	32,080	32,429	32,613	32,412	30,312	31,190	32,432	32,420	35,358	35,397
Murray parkway	1,729	1,295	1,394	1,290	1,260	1,697	1,614	1,485	1,574	1,538
Telecom	68	84	69	71	63	33	-	-	-	-
Solid waste	1,571	1,323	1,229	1,189	1,127	1,050	942	806	832	711
Storm water	2,508	2,342	2,452	2,240	1,918	1,885	1,691	1,421	1,392	1,382
Total business-type activities expenses	48,323	45,458	45,711	44,753	42,162	43,195	44,298	45,404	46,942	45,294
Total primary government expenses	\$ 93,668	\$ 88,942	\$ 85,980	\$ 86,148	\$ 82,513	\$ 84,246	\$ 87,591	\$ 90,056	\$ 88,989	\$ 81,039
Program revenues										
Governmental activities										
Charges for services										
General government	\$ 3,545	\$ 3,680	\$ 3,340	\$ 3,338	\$ 3,090	\$ 3,423	\$ 6,149	\$ 5,926	\$ 5,964	\$ 3,616
Public safety	2,176	1,808	1,661	1,531	900	1,183	1,500	644	867	340
Highways & public improvements	-	-	63	71	58	99	78	85	97	-
Parks, recreation, and culture	1,776	2,025	1,739	1,695	1,616	1,775	1,925	1,750	1,678	1,742
Operating grants and contributions	2,638	2,514	3,306	-	5,085	4,478	1,385	406	457	365
Capital grants & contributions	2,239	1,496	213	4,606	626	2,087	2,472	2,179	1,232	1,591
Total governmental program revenues	12,374	11,523	10,322	11,241	11,375	13,045	13,509	10,990	10,295	7,654
Business-type activities										
Charges for services										
Water	5,802	5,476	5,245	5,497	5,938	6,373	5,989	4,781	5,492	5,594
Wastewater	4,878	4,815	4,600	4,371	4,196	4,348	4,072	3,397	3,556	3,448
Power	37,254	38,173	36,824	37,514	37,990	37,628	36,329	33,187	35,617	33,707
Murray parkway	1,180	1,274	1,394	1,320	1,460	1,563	1,347	1,421	1,596	1,542
Telecom	68	84	71	71	67	34	-	-	-	-
Solid waste	1,605	1,485	1,385	1,369	1,212	1,010	962	818	819	833
Storm water	1,650	1,641	1,617	1,864	1,757	1,403	1,433	1,400	1,467	1,508
Capital grants & contributions	702	167	178	38	743	833	2,860	-	-	-
Total business-type program revenues	53,139	53,115	51,314	52,044	53,363	53,192	52,992	45,005	48,547	46,632
Total primary gov't program revenues	\$ 65,513	\$ 64,638	\$ 61,636	\$ 63,285	\$ 64,738	\$ 66,237	\$ 66,501	\$ 55,995	\$ 58,842	\$ 54,286
Net (expense)/revenue										
Governmental activities	\$(32,971)	\$(31,961)	\$(29,947)	\$(30,154)	\$(28,976)	\$(28,006)	\$(29,783)	\$(33,663)	\$(31,752)	\$(28,090)
Business-type activities	4,816	7,657	5,603	7,291	11,201	9,997	8,694	(399)	1,604	1,337
Total primary government net expense	<u>\$(28,155)</u>	<u>\$(24,304)</u>	<u>\$(24,344)</u>	<u>\$(22,863)</u>	<u>\$(17,775)</u>	<u>\$(18,009)</u>	<u>\$(21,089)</u>	<u>\$(34,062)</u>	<u>\$(30,148)</u>	<u>\$(26,753)</u>
General revenues & other changes in net position										
Governmental activities										
Taxes										
Sales taxes	\$ 19,434	\$ 17,596	\$ 14,181	\$ 13,548	\$ 12,916	\$ 12,847	\$ 12,800	\$ 12,293	\$ 12,444	\$ 13,872
Property taxes	11,093	11,031	11,052	10,293	10,299	10,076	9,823	9,700	8,774	8,975
Franchise taxes	4,666	4,794	4,724	4,932	4,993	4,849	4,925	4,931	5,056	4,919
Investment income	391	232	171	120	203	296	310	396	514	943
Gain/(loss) on sale & disposal of assets	57	82	31	57	94	11	-	(85)	51	165
Miscellaneous	608	417	349	279	277	207	196	735	1,181	269
Rent, transfers & miscellaneous	3,638	3,231	4,173	3,565	3,606	3,130	3,622	3,005	2,937	2,813
Total governmental activities	39,887	37,383	34,681	32,794	32,388	31,416	31,676	30,975	30,957	31,956
Business-type activities										
Investment income	408	383	308	288	287	245	183	215	434	760
Gain/(loss) on sale & disposal of assets	3	90	50	25	31	163	(17)	39	60	579
Rent & transfers	(3,638)	(3,231)	(4,173)	(3,565)	(3,606)	(3,130)	(3,622)	(3,005)	(2,937)	(2,813)
Total business-type activities	<u>(3,227)</u>	<u>(2,758)</u>	<u>(3,815)</u>	<u>(3,252)</u>	<u>(3,288)</u>	<u>(2,722)</u>	<u>(3,456)</u>	<u>(2,751)</u>	<u>(2,443)</u>	<u>(1,474)</u>
Total primary government	<u>\$ 36,660</u>	<u>\$ 34,625</u>	<u>\$ 30,866</u>	<u>\$ 29,542</u>	<u>\$ 29,100</u>	<u>\$ 28,694</u>	<u>\$ 28,220</u>	<u>\$ 28,224</u>	<u>\$ 28,514</u>	<u>\$ 30,482</u>
Change in net position										
Governmental activities	\$ 6,916	\$ 5,422	\$ 4,734	\$ 2,640	\$ 3,412	\$ 3,410	\$ 1,893	\$ (2,687)	\$ (796)	\$ 3,866
Business-type activities	1,589	4,899	1,788	4,039	7,913	7,275	5,238	(3,151)	(837)	(136)
Total primary government	<u>\$ 8,505</u>	<u>\$ 10,321</u>	<u>\$ 6,522</u>	<u>\$ 6,679</u>	<u>\$ 11,325</u>	<u>\$ 10,685</u>	<u>\$ 7,131</u>	<u>\$ (5,838)</u>	<u>\$ (1,633)</u>	<u>\$ 3,730</u>

Notes:

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



FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,490	\$ 2,459	\$ 3,035
Unreserved	-	-	-	-	-	-	-	7,522	7,060	5,962
Nonspendable	129	173	148	123	-	235	-	-	-	-
Restricted	340	104	258	163	363	1,917	2,159	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	8,797	9,280	8,624	8,440	9,638	9,150	10,546	-	-	-
Total General Fund	<u>\$ 9,266</u>	<u>\$ 9,557</u>	<u>\$ 9,030</u>	<u>\$ 8,726</u>	<u>\$ 10,001</u>	<u>\$ 11,302</u>	<u>\$ 12,705</u>	<u>\$ 9,012</u>	<u>\$ 9,519</u>	<u>\$ 8,997</u>
All other governmental funds										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,028	\$ 5,077	\$ 576
Unreserved	-	-	-	-	-	-	-	2,701	2,447	4,779
Nonspendable	39	36	34	16	-	-	20	-	-	-
Restricted	5,260	3,926	3,374	5,715	1,481	461	1,472	-	-	-
Committed	1,420	1,354	1,046	1,404	1,359	1,316	1,322	-	-	-
Assigned	12,016	10,999	11,282	10,368	9,897	6,223	3,361	-	-	-
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 18,735</u>	<u>\$ 16,315</u>	<u>\$ 15,736</u>	<u>\$ 7,503</u>	<u>\$ 12,737</u>	<u>\$ 8,000</u>	<u>\$ 6,175</u>	<u>\$ 5,729</u>	<u>\$ 7,524</u>	<u>\$ 5,355</u>

Notes:

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



CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Fiscal Years

Modified accrual basis of accounting

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Revenues										
Taxes & special assessments	\$35,193	\$33,421	\$29,956	\$28,773	\$28,208	\$27,625	\$27,442	\$27,222	\$26,181	\$27,939
Licenses & permits	2,088	1,989	1,530	1,400	1,380	1,526	1,439	1,180	1,236	1,629
Intergovernmental	3,974	3,372	2,905	4,417	5,085	4,478	3,423	2,585	1,688	1,956
Administrative fees	-	-	-	-	3,025	2,994	2,742	3,003	2,989	-
Charges for services	3,479	3,419	2,944	2,892	2,575	3,057	3,514	2,431	2,597	2,043
Fines & forfeitures	1,347	1,623	1,810	1,938	1,710	1,897	1,958	1,791	1,784	2,026
Emergency 911 Fees	475	466	448	424	-	-	-	-	-	-
Rents & concessions	-	-	-	-	-	-	-	-	-	-
Miscellaneous	608	418	349	279	278	207	196	734	1,181	269
Investment Income	371	220	163	113	194	286	306	391	496	905
Total revenues	47,535	44,928	40,105	40,236	42,455	42,070	41,020	39,337	38,152	36,767
Expenditures										
General government	6,659	6,374	6,355	6,169	8,561	9,697	7,952	7,991	7,969	5,212
Public safety	18,993	18,371	17,483	17,387	16,424	15,987	16,719	16,927	19,804	16,003
Highways & public improvements	4,598	4,790	4,536	6,190	6,496	6,204	4,657	4,738	3,467	3,342
Parks, recreation and culture	7,579	7,660	7,238	5,785	6,957	6,325	6,657	6,740	6,847	6,868
Capital outlay	12,603	5,910	6,608	3,315	3,377	2,883	1,058	5,134	4,342	8,358
Debt service	-	-	-	-	-	-	-	-	-	-
Principal	4,376	2,008	1,565	1,289	1,524	1,754	2,634	2,066	1,723	1,305
Interest	420	349	331	353	410	475	589	659	515	515
Bond issuance costs	-	-	-	-	-	-	-	-	141	-
Pledge payment - UTOPIA	1,714	1,680	1,647	1,615	1,584	1,661	1,123	821	-	-
Total expenditures	56,942	47,142	45,763	42,103	45,333	44,986	41,389	45,076	44,808	41,603
Excess of revenues over (under) expenditures	(9,407)	(2,214)	(5,658)	(1,867)	(2,878)	(2,916)	(369)	(5,739)	(6,656)	(4,836)
Other financing sources (uses)										
Proceeds from borrowing	7,521	-	-	1,343	-	-	-	-	6,162	-
Payments to bond escrow	-	-	-	-	-	-	-	-	(1,520)	-
Capital lease financing	-	-	-	420	96	-	-	207	1,557	-
Transfers in	9,632	8,583	8,255	8,471	10,923	7,261	4,824	4,181	4,681	8,809
Transfers out	(5,694)	(5,346)	(4,074)	(4,906)	(7,317)	(4,131)	(1,202)	(1,176)	(1,744)	(5,996)
Sales of capital assets	77	82	16	29	1,363	208	886	224	210	184
Total other financing sources (uses)	11,536	3,319	4,197	5,357	5,065	3,338	4,508	3,436	9,346	2,997
Net change in fund balances	\$ 2,129	\$ 1,105	(\$1,461)	\$ 3,490	\$ 2,187	\$ 422	\$ 4,139	(\$2,303)	\$ 2,690	(\$1,839)

Debt service as a % of noncapital expenditures

8.42% 5.20% 4.43% 3.85% 4.20% 5.06% 7.16% 5.95% 5.26% 4.89%

Notes:

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



GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years

Accrual basis of accounting

Fiscal Year	Property Tax	Tax Increment	Sales Tax*	Franchise Tax	Transient Room Tax	Total
2017	\$ 8,433,772	\$ 2,658,774	\$ 19,227,686	\$ 4,666,627	\$ 205,970	\$ 35,192,828
2016	8,272,206	2,759,197	17,407,444	4,793,748	188,749	33,421,344
2015	8,275,306	2,776,692	14,024,199	4,723,793	156,393	29,956,383
2014	8,159,505	2,133,581	13,461,012	4,931,685	86,875	28,772,658
2013	8,061,307	2,237,283	12,821,666	4,993,384	94,359	28,207,999
2012	8,085,132	1,990,650	12,613,871	4,849,560	85,884	27,625,097
2011	7,992,332	1,830,905	12,589,925	4,924,741	104,295	27,442,198
2010	7,900,865	1,799,287	12,517,564	4,931,012	73,421	27,222,149
2009	8,012,195	761,403	12,249,133	5,056,167	102,350	26,181,248
2008	8,179,189	795,838	13,941,921	4,918,591	103,260	27,938,799

Notes:

- In fiscal year 2016, the City passed a 0.2% sales tax authorized by the Utah State Legislature.



**ASSESSED VALUE AND ESTIMATED ACCRUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years**

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
2017	\$ 4,125,698,089	\$ 7,260,615,600	56.82%	0.001522	0.000370
2016	3,789,935,019	6,964,309,770	54.42%	0.001648	0.000401
2015	3,594,148,131	6,576,992,580	54.65%	0.001734	0.000422
2014	3,445,859,945	6,253,259,680	55.11%	0.001782	0.000434
2013	3,302,745,672	5,989,725,960	55.14%	0.001817	0.000442
2012	3,352,596,180	6,078,768,680	55.15%	0.001772	0.000431
2011	3,516,872,832	6,218,000,000	56.56%	0.001740	0.000420
2010	3,603,823,596	5,388,000,000	66.89%	0.001630	0.000400
2009	4,098,025,336	6,075,000,000	67.46%	0.001420	0.000350
2008	3,866,773,720	5,225,000,000	74.01%	0.001520	0.000370

Source: Utah State Tax Commission – Property Tax Division



PROPERTY TAX RATES – DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years

Fiscal Year	City Direct Rate		Overlapping Rates				
	Murray City Direct	Murray City Library	Murray School District	Salt Lake County	Mosquito Abatement District	Central Utah Water Conservation	
2017	0.001522	0.000370	0.006291	0.002639	0.000018	0.000400	
2016	0.001648	0.000401	0.007086	0.002819	0.000019	0.000405	
2015	0.001734	0.000422	0.006846	0.003036	0.000020	0.000422	
2014	0.001782	0.000434	0.007003	0.003180	0.000020	0.000446	
2013	0.001817	0.000442	0.006481	0.002793	0.000021	0.000455	
2012	0.001772	0.000431	0.006201	0.002696	0.000052	0.000436	
2011	0.001740	0.000420	0.005930	0.002590	0.000050	0.000420	
2010	0.001630	0.000400	0.005520	0.002280	0.000030	0.000400	
2009	0.001420	0.000350	0.004790	0.001920	0.000020	0.000290	
2008	0.001520	0.000370	0.005090	0.001990	0.000020	0.000300	

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



PROPERTY TAX LEVIED AND COLLECTIONS
Last Ten Fiscal Years

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
2017	\$ 6,081,431	\$ 6,173,908	101.52%	\$ -	\$ 6,173,908	101.52%
2016	6,044,982	6,105,217	101.00%	81,612	6,186,829	102.35%
2015	6,003,221	6,072,274	101.15%	68,776	6,141,050	102.30%
2014	6,014,202	5,964,588	99.18%	98,726	6,063,314	100.82%
2013	5,887,409	5,830,924	99.04%	137,109	5,968,033	101.37%
2012	5,903,253	5,839,394	98.92%	133,466	5,972,860	101.18%
2011	5,903,086	5,779,782	97.91%	149,721	5,929,503	100.45%
2010	5,863,420	5,669,616	96.69%	193,997	5,863,613	100.00%
2009	5,979,944	5,764,695	96.40%	215,249	5,979,944	100.00%
2008	5,711,000	5,586,752	97.82%	124,248	5,711,000	100.00%

Source: Salt Lake County Treasurer

Notes:

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



PRINCIPAL PROPERTY TAXPAYERS
For Years Ended June 30, 2017 and 2013

Taxpayer	2017		Percentage of Total Taxable Value	2013		Percentage of Total Taxable Value
	Taxable Value	Rank		Taxable Value	Rank	
Stillwater Apartments	\$ 23,435,500	1	0.3%	\$ 18,858,510	2	0.3%
Cobble Creek-36 LP	18,991,280	2	0.3%	15,624,455	3	0.3%
5300 South Center LLC	18,338,060	3	0.3%	13,870,800	4	0.2%
PS Mountain West, LLC	17,139,199	4	0.2%			
Bridge Office Bldg Salt Lake City LP	15,434,600	5	0.2%	12,299,300	7	0.2%
Tio Milestone James Pointe	14,782,680	6	0.2%	13,012,670	5	0.2%
RBM 45th Tower, LLC	14,290,500	7	0.2%			
Gelt Lake Pines, LLCAY LLC	13,173,105	8	0.2%			
GA HC Riet II Salt Lake	13,063,100	9	0.2%			
Anthem Properties LLC	12,071,800	10	0.2%			
The Pointe @ 53rd LLC				27,496,100	1	0.5%
Roderick Enterprises				12,974,200	6	0.2%
4929 Lake Pines Murray LLC				10,710,315	8	0.2%
Fashion Place SA LLC				10,643,000	9	0.2%
Towers 45 LLC				10,515,000	10	0.2%
	<u>\$160,719,824</u>		<u>2.2%</u>	<u>\$146,004,350</u>		<u>2.4%</u>

Source: Salt Lake County Assessor database as of May of each year per Murray City's GIS system

Notes:

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



PRINCIPAL SALES TAX PAYERS
For the Years Ended June 30, 2017 and 2008

Taxpayer	2017		2008	
	Rank	Percentage of Total City Sales Taxes	Rank	Percentage of Total City Sales Taxes
Undisclosed	1	8.64%	1	10.06%
Auto Sales	2	3.90%	3	5.00%
Auto Sales	3	2.93%	5	3.39%
Auto Sales	4	2.90%	8	2.90%
Clothing Store	5	2.89%	4	4.41%
Auto Sales	6	2.80%	7	3.17%
Electronics Store	7	2.60%		
Furniture Store	8	2.45%	2	5.38%
Undisclosed	9	2.28%	6	3.35%
Auto Sales	10	2.08%		
Department Store	11	1.80%	11	2.22%
Auto Sales	12	1.62%	9	2.54%
Building Products	13	1.50%	15	1.86%
Recreational Vehicles	14	1.47%		
Municipality	15	1.41%		
Electronics Store	16	1.37%	10	2.47%
Electrical Supplies	17	1.36%		
Building Products	18	1.19%		
Auto Sales	19	1.12%		
Food Retailer	20	1.09%		
Auto Sales			13	2.21%
Department Store			14	1.90%
Heavy Equipment			12	2.21%
Total		47.40%		53.07%

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.
- "Undisclosed" means due to the unique nature of the taxpayer's industry, revealing the industry would reveal the taxpayer.



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
2017	1.20%		1.15%	4.70%
2016	1.20%		1.15%	4.70%
2015	1.00%		1.15%	4.70%
2014	1.00%		1.15%	4.70%
2013	1.00%		1.15%	4.70%
2012	1.00%		1.15%	4.70%
2011	1.00%		1.15%	4.70%
2010	1.00%		1.15%	4.70%
2009	1.00%		1.15%	4.70%
2008	1.00%		1.10%	4.65%

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



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			
2017	\$ 8,853,806	\$ 112,765	\$ 9,451,618	\$ -	\$ 18,418,189	0.80%	\$ 374
2016	5,733,941	220,278	6,650,168	-	12,604,387	0.58%	256
2015	7,650,673	275,065	16,907,693	-	24,833,431	1.18%	509
2014	9,125,495	382,770	17,996,673	-	27,504,938	1.33%	566
2013	8,975,319	76,612	24,206,461	-	33,258,392	1.68%	689
2012	10,498,143	-	25,788,754	56,434	36,343,331	1.97%	759
2011	11,850,000	269,149	26,130,000	220,313	38,469,462	2.16%	823
2010	13,305,000	1,448,203	27,765,000	378,419	42,896,622	2.58%	932
2009	14,865,000	1,746,581	29,420,000	531,009	46,562,590	2.80%	1,010
2008	11,810,000	372,998	31,005,000	420,924	43,608,922	2.73%	954

Source: The per capita column uses the Demographic and Economic Statistics table from the Statistical Section of this report.

Notes:

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



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	\$ 42,665,000	100.00%	\$ 42,665,000
Salt Lake County General Obligation Debt	196,000,000	4.815%	9,437,792
Other debt			
Salt Lake County Sales Tax Bonds	116,000,000	4.54%	5,266,400
Salt Lake County Lease Revenue Bonds	67,200,000	4.54%	3,050,880
Salt Lake County Capital Leases	2,500,000	4.54%	113,500
Salt Lake County Special Assessment Bonds	100,000	4.54%	4,540
Salt Lake County Transportation Rev. Bonds	114,300,000	4.54%	5,189,220
Salt Lake County Notes Payable	22,400,000	4.54%	1,016,960
Murray City Schools Lease Revenue Bonds	7,000,000	100.00%	7,000,000
Subtotal, overlapping debt			73,744,292
Murray City direct debt			8,966,571
Total direct and overlapping debt			\$ 82,710,863

Sources: Murray School District and Salt Lake County CAFR(s) for the latest available fiscal year (FY 2016)

- (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.

Notes:

- 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 taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping government.

MURRAY CITY
STATISTICAL SECTION
For the Fiscal Year Ended June 30, 2017



LEGAL DEBT MARGIN

Last Ten Fiscal Years

(Amounts expressed in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Debt limit										
General (4% Fair Cash Value)	\$ 209,000	\$ 278,573	\$ 263,080	\$ 250,131	\$ 239,589	\$ 243,151	\$ 248,720	\$ 215,520	\$ 243,000	\$ 209,000
Water and Sewer (4% Fair Cash Value)	209,000	278,573	263,080	250,131	239,589	243,151	248,720	215,520	243,000	209,000
Total 8% Debt Limit	418,000	557,146	526,160	500,262	479,178	486,302	497,440	431,040	486,000	418,000
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal Debt Margin	<u>\$ 418,000</u>	<u>\$ 557,146</u>	<u>\$ 526,160</u>	<u>\$ 500,262</u>	<u>\$ 479,178</u>	<u>\$ 486,302</u>	<u>\$ 497,440</u>	<u>\$ 431,040</u>	<u>\$ 486,000</u>	<u>\$ 418,000</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Real Property Assessed Value	\$ 4,125,698									
Estimated Actual Real Taxable Value	\$ 7,260,616									
Debt Limit (8% of Reasonable Fair Cash Value)	580,849									
Debt Applicable to Limit:										
General Obligation Bonds	-									
Less: Amount Set Aside for Repayment of General Obligation Debt	-									
Total Net Debt Applicable to Limit	<u>-</u>									
Legal Debt Margin	<u>\$ 580,849</u>									

Source: Salt Lake County Auditor's Office

Notes:

- 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 unused portion of the 4% available for general purposes up to the maximum 8% may be utilized for water and/or sewer purposes.



PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years

Sales Tax Revenue Bonds

Fiscal Year	Sales Tax Revenue	Debt Service		
		Principal	Interest	Coverage
2017	\$ 19,227,686	\$ 1,208,000	\$ 345,905	12.37
2016	17,407,444	1,190,000	268,588	11.93
2015	14,024,199	1,457,000	324,591	7.87
2014	13,461,012	1,175,000	348,051	8.84
2013	12,821,666	1,505,000	395,651	6.75
2012	12,613,871	1,485,000	449,301	6.52
2011	12,589,925	1,455,000	504,951	6.42
2010	12,517,564	1,350,000	564,710	6.54
2009	12,249,133	740,000	366,356	11.07
2008	13,941,921	710,000	398,981	12.57

Electric Revenue Bonds

Fiscal Year	Utility Revenues ¹	Less Utility Expenses ²	Available Revenue	Debt Service		
				Principal	Interest	Coverage
2017	\$ 37,559,853	\$ 32,080,323	\$ 5,479,530	\$ -	\$ -	N/A
2016	38,459,911	32,429,067	6,030,844	-	-	N/A
2015	37,093,425	29,186,348	7,907,077	1,250,000	345,319	4.96
2014	37,749,228	28,785,495	8,963,733	1,200,000	405,319	5.58
2013	38,215,546	26,585,169	11,630,377	1,545,000	588,208	5.45
2012	37,868,196	27,374,850	10,493,346	1,505,000	763,671	4.63
2011	36,527,393	28,380,854	8,146,539	1,360,000	946,684	3.53
2010	33,372,210	27,194,578	6,177,632	1,315,000	1,003,759	2.66
2009	35,876,773	30,789,288	5,087,485	1,255,000	1,057,379	2.20
2008	34,091,482	30,928,405	3,163,077	1,175,000	1,207,253	1.33

Water and Sewer Revenue Bonds

Fiscal Year	Utility Revenues ¹	Less Utility Expenses ²	Available Revenue	Debt Service		
				Principal	Interest	Coverage
2017	\$ 10,783,806	\$ 8,392,047	\$ 2,391,759	\$ 627,000	\$ 148,613	3.08
2016	10,451,769	6,215,077	4,236,692	610,000	136,681	5.67
2015	9,916,952	5,969,386	3,947,566	600,000	152,102	5.25
2014	9,910,178	5,703,286	4,206,892	169,000	149,697	13.20
2013	10,196,682	5,736,136	4,460,546	557,000	178,361	6.07
2012	10,860,873	5,570,615	5,290,258	440,000	160,730	8.81
2011	10,022,697	6,188,768	3,833,929	350,000	299,000	5.91
2010	8,235,529	7,076,036	1,159,493	340,000	309,788	1.78
2009	9,263,744	5,980,985	3,282,759	330,000	319,425	5.05
2008	9,683,420	4,836,573	4,846,847	325,000	327,619	7.43

Storm Water Revenue Bonds

Fiscal Year	Utility Revenues ¹	Less Utility Expenses ²	Available Revenue	Debt Service		
				Principal	Interest	Coverage
2017	\$ 1,636,905	\$ 1,070,743	\$ 566,162	\$ 220,000	\$ 154,042	1.51
2016	1,647,997	1,013,897	634,100	220,000	77,141	2.13
2015	1,627,702	1,167,331	460,371	215,000	70,992	1.61
2014	1,890,901	968,255	922,646	210,000	71,576	3.28
2013	1,780,378	672,396	1,107,982	210,000	66,391	4.01

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.

Notes:

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



DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Calendar Years

Year	Population ¹	Personal Income	Per Capita Personal Income ²		Unemployment Rate ³
			Personal Income	Per Capita Personal Income ²	
2017	49,230	\$ 2,304,210,150	\$ 46,805	3.2%	
2016	49,165	2,155,196,940	43,836	3.5%	
2015	48,822	2,099,883,042	43,011	3.3%	
2014	48,612	2,073,933,756	42,535	3.5%	
2013	48,263	1,980,616,994	41,269	4.3%	
2012	47,632	1,880,273,200	40,623	5.7%	
2011	46,746	1,764,381,024	39,013	7.3%	
2010	46,010	1,715,068,760	37,668	6.3%	
2009	46,201	1,663,605,608	36,008	5.7%	
2008	45,732	1,598,379,132	34,951	3.4%	

Sources: ¹ United States Census Bureau for Murray City

² U.S. Department of Commerce, Bureau of Economic Analysis for Salt Lake County

³Utah Department of Workforce Services for Salt Lake County



PRINCIPAL EMPLOYERS
For Years Ended June 30, 2017 and 2008

Employer	Industry Type	2017		2008	
		Rank	Employees	Rank	Employees
Intermountain Medical Center	Health Care Hospital	1	4,463	1	1,790
SelectHealth	Health Care- Insurance	2	1,400		
Murray City School District	Public Education	3	838	3	875
Murray City Corporation	City Government	4	656	2	976
IHC Health Services	Health Care- Medical Lab	5	378		
Sutter Connect, LLC	Medical Office Services	6	355		
3M Health Information Systems	Data Processing Services	7	350	5	377
IHC Health Services	Health Care - Hospital	8	347		
Nordstrom, Inc.	Retailer	9	308	7	351
Costco Wholesale Corp	Retailer	10	288		
The University of Phoenix	Higher Education			4	475
Securitas Security Services	Security Services			6	369
Workers Compensation Fund	Insurance			8	326
Ivory Employee Leasing	Employee Leasing			9	265
Dillard's	Department Store			10	248

Source: Murray City business licensing, Murray City School District



FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
General Government	64	63	63	62	61	61	60	63	59	59
Police										
Officers	78	76	72	70	74	73	79	77	75	78
Civilians	9	11	12	11	12	10	12	14	18	17
Fire										
Firefighters	62	63	59	55	59	58	60	61	59	52
Civilians	1	1	1	1	1	1	2	2	3	2
Highways & Public Improvements	29	27	28	27	27	28	34	34	35	35
Parks & Recreation	38	35	35	34	33	33	33	33	34	34
Library	12	11	11	12	10	11	9	12	9	9
Community & Economic Development	6	7	7	7	6	6	5	5	4	4
Central Garage	4	4	4	4	4	4	4	4	4	4
Power	45	46	46	46	46	46	52	55	55	54
Water	17	17	17	17	16	16	16	17	16	16
Wastewater	8	7	8	7	8	8	8	9	9	8
Golf Course	7	7	7	7	7	7	8	10	8	8
Solid Waste	2	1	0	0	0	0	0	0	0	0
Storm Water	8	7	8	7	7	7	7	6	7	6
Total Full Time Equivalent Employees	390	383	378	367	371	369	389	402	395	386
Seasonal (Part Time) Employees	266	332	424	385	426	477	459	514	579	560
Total Employees	656	715	802	752	797	846	848	916	974	946



OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year Ended June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Police</i>										
Physical arrests	1,897	3,602	1,899	2,175	3,752	2,436	2,484	2,735	2,588	2,194
Traffic citations	7,438	5,242	5,615	8,231	5,508	6,847	8,694	8,057	8,141	6,666
Fire calls	1,381	1,354	1,260	1,156	1,194	1,622	1,231	1,306	1,496	1,261
Medical calls	5,125	4,842	4,313	4,117	4,177	3,515	3,781	3,801	3,741	3,962
Inspections	1,553	1,399	1,149	1,694	1,448	1,673	2,017	1,309	794	1,261
<i>Parks & recreation</i>										
Park center admissions	39,164	36,211	33,536	34,839	29,839	35,691	38,451	46,744	34,000	43,272
Recreation participants	17,583	17,604	15,777	13,768	13,089	14,219	14,242	15,402	17,779	16,447
<i>Heritage Center</i>										
Participants	1,478	1,734	1,947	1,993	1,871	1,941	1,894	1,625	951	-
Activity Participation	73,752	76,841	76,098	76,330	76,607	81,212	84,485	85,570	84,269	84,169
<i>Library</i>										
Volumes in collection	71,133	75,914	78,759	74,971	69,734	77,069	85,100	86,892	90,627	86,723
Total volumes borrowed	499,292	548,060	611,149	611,633	572,997	568,372	524,487	524,179	418,169	406,842
Visitors	371,330	395,481	425,507	357,461	-	-	-	-	-	-
<i>Water</i>										
Customers Residential	8,858	8,761	8,716	8,674	8,644	8,611	8,602	8,593	8,571	8,552
Customers Commercial	1,493	1,389	1,372	1,360	1,353	1,345	1,344	1,339	1,319	1,301
Annual consumption (in millions of gallons)	3,120	2,758	2,583	3,066	3,018	2,841	2,650	2,519	3,784	3,344
<i>Wastewater</i>										
Customers Residential	8,419	8,376	8,334	8,300	8,173	8,147	8,142	8,142	8,119	8,106
Customers Commercial	1,171	1,163	1,150	1,141	1,058	1,047	1,046	1,044	1,032	1,027
<i>Power</i>										
Customers Residential	14,651	14,688	14,573	14,429	14,209	13,619	13,576	13,573	13,546	13,437
Customers Commercial	3,204	3,179	3,193	3,149	3,147	3,125	3,125	3,100	3,094	3,115
Peak demand (KW)	103,053	102,460	107,120	103,478	101,838	98,100	97,490	97,000	98,327	107,110
Internal generation (MWH)	11,457	13,846	17,913	18,096	9,465	19,523	17,546	23,031	21,261	62,038
Purchased power (MWH)	415,474	416,299	410,606	407,148	426,388	419,388	412,943	412,385	448,487	449,567



CAPITAL ASSETS BY FUNCTION

Last Ten Fiscal Years

Function/Program	Fiscal Year Ending June 30,									
	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<i>Police</i>										
Stations	2	2	2	2	2	2	2	2	2	1
Patrol units	44	43	42	39	40	40	41	41	42	41
<i>Public works</i>										
Streets(miles)	148	147	147	147	147	147	144	144	144	144
Streetlights	2,711	2,701	2,669	2,670	2,639	2,608	2,584	2,574	2,610	2,505
<i>Parks & recreation</i>										
Acreage	252	252	252	252	252	252	252	252	252	259
Parks	10	10	10	10	10	10	10	10	10	10
Golf courses	2	2	2	2	2	2	2	2	2	2
Recreation centers	1	1	1	1	1	1	1	1	1	1
<i>Water</i>										
Water mains(miles)	199	198	197	197	197	197	192	185	185	183
<i>Wastewater</i>										
Sanitary sewers(miles)	132	129	128	127	127	127	127	127	127	124
<i>Power</i>										
Generators	5	5	5	5	5	5	5	5	5	5
Substations	6	6	6	6	6	6	6	6	6	5