

MURRAY SCHOOL DISTRICT

**Basic Financial Statements
With Supplementary and Other Information**

Year Ended June 30, 2012

MURRAY CITY SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2012

Page

FINANCIAL SECTION:

Independent Auditor's Report	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet - Governmental Funds	12
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	13
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>General Fund</i>	16
Statement of Fund Net Assets - Proprietary Fund	17
Statement of Revenues, Expenses, and Changes in Fund Net Assets - Proprietary Fund	18
Statement of Fund Cash Flows - Proprietary Fund	19
Notes to the Basic Financial Statements	20
Required Supplementary Information	
Schedule of Funding Progress - Other Postemployment Benefits	35
Combining and Individual Fund Statements and Schedules:	
Major funds:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>General Fund</i>	36
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Debt Service Fund</i>	37
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Capital Projects Fund</i>	38

MURRAY CITY SCHOOL DISTRICT

Table of Contents

Year Ended June 30, 2012

Page

FINANCIAL SECTION (Continued):

Nonmajor Special Revenue Funds:

Combining Balance Sheet - Nonmajor Governmental Funds	39
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	40
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Non K-12 Programs</i>	41
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>School Lunch</i>	42
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - <i>Murray Education Foundation</i>	43
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - <i>Student Activities</i>	44

OTHER INFORMATION (Unaudited):

Comparative Statements of Net Assets - Governmental Activities - 2012-2008	45
Comparative Statements of Activities - Governmental Activities - 2012-2008	46
<i>General Fund</i> - Comparative Balance Sheets - 2012 through 2008	47
<i>General Fund</i> - Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances - 2012 through 2008 with Anticipated Budget for 2013	48
Historical Summaries of Taxable Values of Property - Calendar Years Ended 2011 through 2007	49
Tax Rates and Collections - 2012 through 2008 with Anticipated Budget for 2013	50

FINANCIAL SECTION



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Independent Auditor's Report

Board of Education
Murray City School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Murray City School District (the District) as of and for the year ended June 30, 2012, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of District management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Murray City School District as of June 30, 2012, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2012 on our consideration of the District'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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and required supplementary information, as listed in 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The combining and individual fund statements and schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other information is presented for the purposes of additional analysis and is not a required part of the basic financial statements. Such information has 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 it.

Squire + Company, PC

November 30, 2012

Management's Discussion and Analysis

This section of Murray City School District's (District) annual financial report presents management's discussion and analysis of the District's financial performance during the year ended June 30, 2012.

Financial Highlights

- The District's assets exceeded liabilities by \$64.7 million at the close of the most recent year.
- During 2012, the District's expenses were \$0.2 million less than the \$48.5 million generated in taxes and other revenues for governmental activities. This increase in net assets is less than the prior year when expenses were less than revenues by \$2.0 million.
- The District acquired capital assets totaling \$2.0 million during the most recent year.
- The District paid down its general obligation bonds payable by \$1.6 million during the most recent year.

Overview of the Financial Statements

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

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net assets of the District changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unpaid employee benefits for vacation and early retirement).

The government-wide financial statements can be found on pages 10 and 11 of this report.

Fund financial statements. A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund

balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, the *debt service fund*, and the *capital projects fund*, each of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of *combining and individual statements and schedules* elsewhere in this report.

The District adopts an annual appropriated budget for its *general fund*. A budgetary comparison statement has been provided for the *general fund* to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12 through 16 of this report.

- **Proprietary funds.** The District maintains one proprietary fund type. The *lifetime insurance internal service fund* is an accounting device used to accumulate and allocate costs internally among the District's various functions; this fund accounts for post-retirement health care insurance services provided to all the other funds of the District. The *lifetime insurance internal service fund* has been included within governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 17 through 19 of this report.

Notes to the basic financial statements. The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 34 of this report.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's progress in funding its obligations to provide other postemployment benefits to its employees and retirees. Required supplementary information can be found on page 35 of this report.

The combining and individual statements and schedules referred to earlier in connection with governmental funds can be found on pages 36 through 44 of this report.

Other information. Selected financial and tax information is provided as other information, presenting 5-year comparisons. This other information can be found on pages 45 through 50 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$64.7 million at the close of the most recent fiscal year.

MURRAY CITY SCHOOL DISTRICT'S Net Assets

(in millions of dollars)

June 30, 2012 and 2011

	Governmental activities		Total
	2012	2011	change 2012-2011
Current and other assets	\$ 50.7	\$ 52.5	\$ (1.8)
Capital assets	56.0	55.5	0.5
Total assets	106.7	108.0	(1.3)
Other liabilities	24.3	24.4	(0.1)
Long-term liabilities outstanding	17.7	19.1	(1.4)
Total liabilities	42.0	43.5	(1.5)
Net assets:			
Invested in capital assets, net of related debt	38.8	36.8	2.0
Restricted	14.5	14.8	(0.3)
Unrestricted	11.4	12.9	(1.5)
Total net assets	\$ 64.7	\$ 64.5	\$ 0.2

- The largest portion of the District's net assets (60.0%) reflects its investment in capital assets (e.g., land, buildings, and equipment net of accumulated depreciation) less any related debt (general obligation bonds payable) used to acquire those assets that are still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Net assets invested in capital assets, net of related debt increased by \$2.0 million. The largest portion of this increase is from the purchase of \$1.7 million in land. The purchase was financed with property taxes levied for capital outlay.
- An additional portion of the District's net assets (22.4%) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of *unrestricted net assets* (17.6%) may be used to meet the District's obligations to students, employees, and creditors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of net assets. The same situation held true for the prior fiscal year.

The District's net assets increased by \$0.2 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

Governmental activities. The key elements of the increase of the District's net assets for the year ended June 30, 2012 are as follows:

MURRAY CITY SCHOOL DISTRICT'S Changes in Net Assets

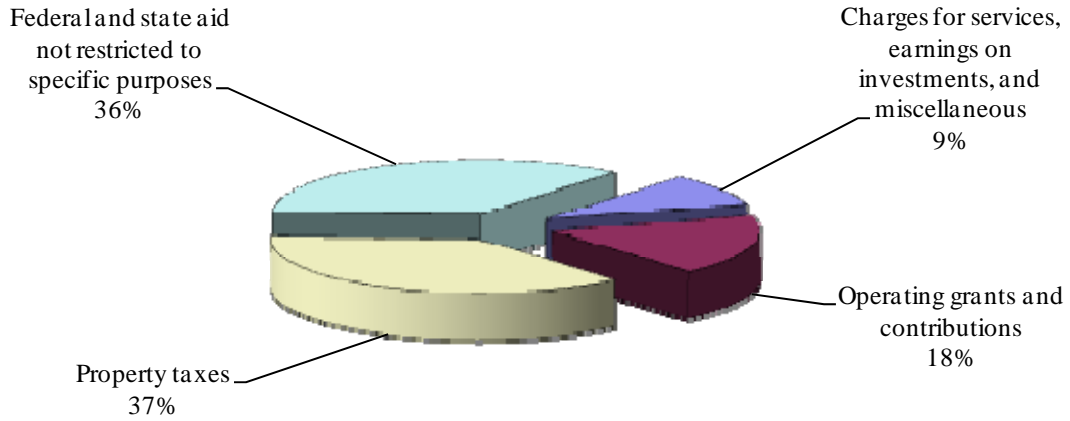
(in millions of dollars)

Years Ended June 30, 2012 and 2011

	Governmental activities		Total change
	2012	2011	2012-2011
Revenues:			
Program revenues:			
Charges for services	\$ 3.0	\$ 3.3	\$ (0.3)
Operating grants and contributions	8.8	10.3	(1.5)
General revenues:			
Property taxes	17.9	17.3	0.6
Federal and state aid not restricted to specific purposes	17.2	17.6	(0.4)
Earnings on investments	0.4	0.2	0.2
Miscellaneous	1.2	0.7	0.5
Total revenues	48.5	49.4	(0.9)
Expenses:			
Instruction	30.0	29.9	0.1
Supporting services:			
Students	1.7	1.8	(0.1)
Instructional staff	1.8	1.6	0.2
General administration	1.1	0.8	0.3
School administration	2.5	2.4	0.1
Central	1.7	1.6	0.1
Operation and maintenance of facilities	4.2	4.1	0.1
Student transportation	1.1	0.9	0.2
School lunch services	2.4	2.5	(0.1)
Community services	0.9	0.8	0.1
Interest on long-term liabilities	0.9	1.0	(0.1)
Total expenses	48.3	47.4	0.9
Change in net assets	0.2	2.0	(1.8)
Net assets - beginning	64.5	62.5	2.0
Net assets - ending	\$ 64.7	\$ 64.5	\$ 0.2

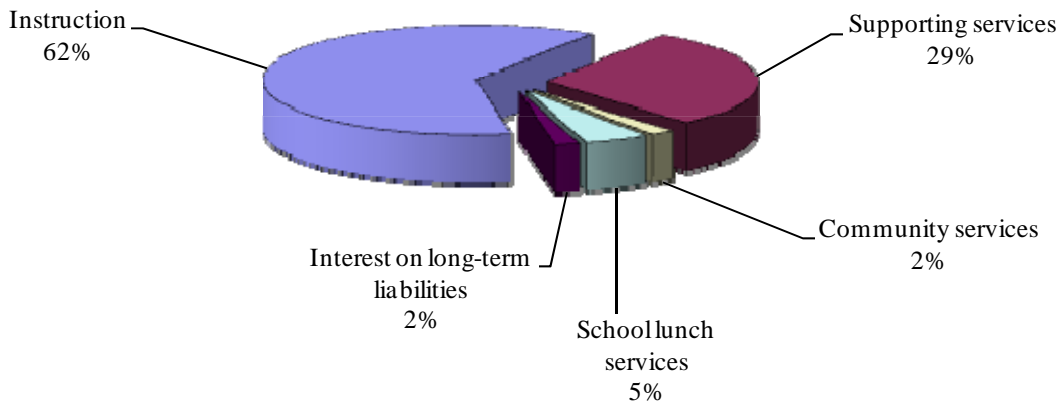
- State aid decreased by \$0.3 million. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state guarantees that, if local taxes do not provide money equal to the amount generated by the WPU, it will make up the difference with state funding. The value of the WPU increased by 9.3% during the year ended June 30, 2012 (\$2,816 during 2012 as compared to \$2,577 in 2011). This increase is due to the flexible allocation WPU line item being consolidated with the regular WPU line item.
- Federal aid decreased by \$1.5 million due to the decrease in one-time federal funding which was available in 2011.

**Murray City School District
Revenue by Source - Governmental Activities
Year Ended June 30, 2012**



- Instruction represents the largest dollar portion of expenses of \$30.0 million primarily for teacher salaries and related benefits.

**Murray City School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2012**



Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$25.2 million, \$1.1 million less than the previous year. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$39.0 million, an increase of 2.0% during the current fiscal year. This compares to a 1.8% decrease in 2011. Instruction represents 66.2% of *general fund* expenditures.
- *General fund* salaries totaled \$24.8 million while the associated employee benefits of retirement, social security, and insurance added \$10.1 million to arrive at 89.5% of total *general fund* expenditures.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed and unassigned portions. *Committed* balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2012, the District's combined governmental fund balance is \$25.2 million (\$0.5 million in nonspendable, \$14.7 million in restricted, \$8.9 million in committed, and \$1.1 million in unassigned fund balances).

General Fund Budgetary Highlights

During the year, the Board revised the District's budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was a decrease of \$0.8 million or 1.9% in total *general fund* expenditures. During the year, final budgeted revenues were lower than original budgetary estimates by \$0.9 million or 2.2% to account for anticipated decreases in property tax collections.

Even with these adjustments, actual expenditures were \$1.0 million less than final budgeted amounts. The most significant positive variance was \$0.7 million in operation and maintenance of facilities. Conversely, revenues were \$1.3 million less than the final budgeted amount. Variances primarily result from expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year's budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Asset and Debt Administration

Capital Assets. The *capital projects fund* is used to account for the costs incurred in acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2012 and 2011 are outlined below:

MURRAY CITY SCHOOL DISTRICT'S Capital Assets

(net of accumulated depreciation, in millions of dollars)

June 30, 2012 and 2011

	Governmental activities		Total
	2012	2011	change 2012-2011
Land	\$ 17.7	\$ 16.0	\$ 1.7
Buildings	37.0	38.2	(1.2)
Equipment	1.3	1.3	-
Total capital assets	<u>\$ 56.0</u>	<u>\$ 55.5</u>	<u>\$ 0.5</u>

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration. The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012 is \$158.0 million. General obligation debt, net of deferred amounts on refunding, at June 30, 2012 is \$17.3 million, resulting in a legal debt margin of \$140.7 million.

MURRAY CITY SCHOOL DISTRICT'S Outstanding Debt

(net of accumulated amortization, in millions of dollars)

June 30, 2012 and 2011

	Governmental activities		Total
	2012	2011	change 2012-2011
Net general obligation bonds	<u>\$ 17.3</u>	<u>\$ 18.9</u>	<u>\$ (1.6)</u>

Although it is not unusual for governments to have a 30-year bond payoff schedule, the District maintains an aggressive schedule to retire all of its general obligation bonds by 2021.

Additional information on the District's long-term debt can be found in Note 7 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Murray City School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Murray City School District, 147 East 5065 South (Myrtle Avenue), Murray, UT 84107.

BASIC FINANCIAL STATEMENTS

MURRAY CITY SCHOOL DISTRICT
Statement of Net Assets
June 30, 2012

	Governmental Activities
Assets:	
Cash and investments	\$ 30,203,263
Receivables:	
Property taxes	17,393,802
Other local	140,732
State of Utah	335,991
Federal government	2,010,783
Inventories	498,688
Bond issuance costs, net of accumulated amortization	88,424
Capital assets:	
Land	17,736,806
Buildings and equipment, net of accumulated depreciation	38,297,904
Total assets	106,706,393
Liabilities:	
Accounts payable	2,613,995
Accrued interest	324,766
Accrued salaries and benefits	3,160,631
Unearned revenue:	
Property taxes	16,937,503
Other local	51,206
State of Utah	1,207,369
Federal government	19,911
Noncurrent liabilities:	
Due and payable within one year	1,882,834
Due and payable after one year	15,782,349
Total liabilities	41,980,564
Net assets:	
Invested in capital assets, net of related debt	38,822,556
Restricted for:	
Debt service	1,660,449
Capital projects	11,823,367
Community recreation	707,773
School lunch services	207,944
Transportation	60,938
Unrestricted	11,442,802
Total net assets	\$ 64,725,829

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2012

<u>Activities and Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Assets</u>
				<u>Total</u>
				<u>Governmental</u>
				<u>Activities</u>
Governmental activities:				
Instruction	\$ 29,984,312	\$ 1,681,814	\$ 5,738,587	\$ (22,563,911)
Supporting services:				
Student	1,723,176	-	498,606	(1,224,570)
Instructional staff	1,789,506	-	301,029	(1,488,477)
General administration	1,127,919	-	195,127	(932,792)
School administration	2,542,028	-	1,299	(2,540,729)
Central	1,677,403	-	240	(1,677,163)
Operation and maintenance of facilities	4,227,793	67,807	22,269	(4,137,717)
Student transportation	1,062,989	45,552	406,114	(611,323)
School lunch services	2,445,521	832,289	1,524,717	(88,515)
Community services	898,992	394,569	104,261	(400,162)
Interest on long-term liabilities	859,101	-	-	(859,101)
Total school district	<u>\$ 48,338,740</u>	<u>\$ 3,022,031</u>	<u>\$ 8,792,249</u>	<u>(36,524,460)</u>
General revenues:				
Property taxes levied for:				
Basic levy (state minimum school program)				5,075,416
Voted leeway (class size reduction and elementary counselors)				5,789,993
Special transportation				379,619
Tort liability				57,421
Reading				382,809
Community recreation				427,471
Debt service				2,612,675
Capital outlay				1,614,180
Ten percent of basic (textbooks, supplies, and equipment)				1,528,048
Total property taxes				<u>17,867,632</u>
Federal and state aid not restricted to specific purposes				17,258,358
Earnings on investments				377,904
Miscellaneous				1,208,407
Total general revenues				<u>36,712,301</u>
Change in net assets				187,841
Net assets - beginning				<u>64,537,988</u>
Net assets - ending				<u>\$ 64,725,829</u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2012

	<u>Major Funds</u>			<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>		
Assets:					
Cash and investments	\$ 12,294,577	\$ 1,918,687	\$ 11,879,139	\$ 2,732,418	\$ 28,824,821
Receivables:					
Property taxes	11,623,979	2,267,624	3,486,639	15,560	17,393,802
Other local	127,652	-	-	13,080	140,732
State of Utah	212,719	-	-	123,272	335,991
Federal government	1,973,548	-	-	37,235	2,010,783
Inventories	498,688	-	-	-	498,688
Due from other funds	199,285	-	-	-	199,285
Total assets	<u>\$ 26,930,448</u>	<u>\$ 4,186,311</u>	<u>\$ 15,365,778</u>	<u>\$ 2,921,565</u>	<u>\$ 49,404,102</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,048,589	\$ -	\$ 95,447	\$ 33,818	\$ 2,177,854
Accrued salaries and benefits	3,112,877	-	-	47,754	3,160,631
Deferred revenue:					
Property taxes	11,636,391	2,270,173	3,487,364	15,981	17,409,909
Other local	21,462	-	-	29,744	51,206
State of Utah	1,205,016	-	-	2,353	1,207,369
Federal government	3,967	-	-	15,944	19,911
Due to other funds	-	-	-	199,285	199,285
Total liabilities	<u>18,028,302</u>	<u>2,270,173</u>	<u>3,582,811</u>	<u>344,879</u>	<u>24,226,165</u>
Fund balances:					
Nonspendable:					
Inventories	498,688	-	-	-	498,688
Restricted for:					
Debt service	-	1,916,138	-	-	1,916,138
Capital projects	-	-	11,782,967	-	11,782,967
Community recreation	-	-	-	207,944	207,944
School lunch services	-	-	-	696,471	696,471
Transportation	60,938	-	-	-	60,938
Committed to:					
Economic stabilization	2,000,000	-	-	-	2,000,000
Employee and retiree benefits	5,238,358	-	-	-	5,238,358
Foundation programs	-	-	-	902,186	902,186
Student activities	-	-	-	770,085	770,085
Unassigned	1,104,162	-	-	-	1,104,162
Total fund balances	<u>8,902,146</u>	<u>1,916,138</u>	<u>11,782,967</u>	<u>2,576,686</u>	<u>25,177,937</u>
Total liabilities and fund balances	<u>\$ 26,930,448</u>	<u>\$ 4,186,311</u>	<u>\$ 15,365,778</u>	<u>\$ 2,921,565</u>	<u>\$ 49,404,102</u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2012

Total fund balances for governmental funds \$ 25,177,937

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 17,736,806	
Buildings, net of \$20,947,039 accumulated depreciation	36,960,975	
Equipment, net of \$2,827,410 accumulated depreciation	1,336,929	56,034,710

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. 472,406

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is: (324,766)

Bond issuance costs are reported as expenditures in the governmental funds. The cost is \$195,089 and accumulated amortization is \$106,665. 88,424

Internal service funds are used by management to charge the costs of post-retirement health care benefits to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets. Internal service fund net assets at year-end are: 938,924

Long-term liabilities that pertain to governmental funds, including general obligation bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities--both current and long-term--are reported in the statement of net assets. Balances at year-end are:

General obligation bonds payable	(17,815,000)	
Unamortized deferred amounts on refunding	514,422	
Compensated absences payable	(70,839)	
Early retirement benefits payable	(290,389)	(17,661,806)

Total net assets of governmental activities \$ 64,725,829

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2012

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Local sources:					
Property taxes	\$ 12,429,628	\$ 2,454,963	\$ 2,669,345	\$ 372,778	\$ 17,926,714
Earnings on investments	232,949	20,416	95,305	15,388	364,058
School lunch sales	-	-	-	817,054	817,054
Other local sources	1,247,219	-	25,686	2,133,039	3,405,944
State sources	22,060,958	-	7,086	632,631	22,700,675
Federal sources	2,080,138	-	-	1,269,794	3,349,932
Total revenues	<u>38,050,892</u>	<u>2,475,379</u>	<u>2,797,422</u>	<u>5,240,684</u>	<u>48,564,377</u>
Expenditures:					
Current:					
Instruction	25,798,621	-	462,138	1,934,930	28,195,689
Supporting services:					
Students	1,719,344	-	3,832	-	1,723,176
Instructional staff	1,789,007	-	499	-	1,789,506
General administration	1,117,197	-	-	-	1,117,197
School administration	2,493,320	-	-	90	2,493,410
Central	1,504,572	-	153,241	-	1,657,813
Operation and maintenance of facilities	3,611,771	-	457,359	13,751	4,082,881
Student transportation	800,502	-	161,536	-	962,038
School lunch services	-	-	-	2,361,666	2,361,666
Community services	130,861	-	-	768,131	898,992
Capital outlay	-	-	1,913,662	-	1,913,662
Debt service:					
Principal retirement	-	1,620,000	-	-	1,620,000
Interest and fiscal charges	-	826,536	-	-	826,536
Total expenditures	<u>38,965,195</u>	<u>2,446,536</u>	<u>3,152,267</u>	<u>5,078,568</u>	<u>49,642,566</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(914,303)	28,843	(354,845)	162,116	(1,078,189)
Fund balances - beginning	<u>9,816,449</u>	<u>1,887,295</u>	<u>12,137,812</u>	<u>2,414,570</u>	<u>26,256,126</u>
Fund balances - ending	<u>\$ 8,902,146</u>	<u>\$ 1,916,138</u>	<u>\$ 11,782,967</u>	<u>\$ 2,576,686</u>	<u>\$ 25,177,937</u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2012

Net change in fund balances-total governmental funds \$ (1,078,189)

The change in net assets reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for land and equipment and \$100,000 for buildings and related improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation and other capital transactions in the current period.

Capital outlays	\$ 1,973,555	
Depreciation expense	<u>(1,472,177)</u>	501,378

The governmental funds report the issuance of bonds as other financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	1,620,000	
Interest expense - general obligation bonds	31,075	
Amortization of bond issuance costs	(10,940)	
Amortization of deferred amounts on refunding	<u>(63,640)</u>	1,576,495

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred revenue in the funds. Deferred property taxes decreased this year. (59,082)

In the statement of activities, certain operating expenses - compensated absences (vacations) and termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, compensated absences payable increased by \$17,215 and early retirement benefits payable increased by \$112,321. (129,536)

An internal service fund is used by the District to charge the costs of post-retirement health care benefit services to individual funds. The net change in net assets of the internal service fund is reported with governmental activities. (623,225)

Change in net assets of governmental activities \$ 187,841

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2012

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local sources:				
Taxes	\$ 12,310,182	\$ 11,260,182	\$ 12,429,628	\$ 1,169,446
Earnings on investments	410,128	110,000	232,949	122,949
Other	1,048,296	1,044,363	1,247,219	202,856
State sources	23,358,817	23,211,704	22,060,958	(1,150,746)
Federal sources	3,108,887	3,711,369	2,080,138	(1,631,231)
Total revenues	<u>40,236,310</u>	<u>39,337,618</u>	<u>38,050,892</u>	<u>(1,286,726)</u>
Expenditures:				
Current:				
Instruction	27,234,241	25,785,576	25,798,621	(13,045)
Supporting services:				
Student	1,886,653	1,909,505	1,719,344	190,161
Instructional staff	1,891,588	1,916,224	1,789,007	127,217
General administration	817,414	794,411	1,117,197	(322,786)
School administration	2,565,617	2,646,751	2,493,320	153,431
Central	1,336,659	1,259,070	1,504,572	(245,502)
Operation and maintenance of facilities	3,667,048	4,294,991	3,611,771	683,220
Student transportation	847,049	818,088	800,502	17,586
Community services	475,695	510,940	130,861	380,079
Total expenditures	<u>40,721,964</u>	<u>39,935,556</u>	<u>38,965,195</u>	<u>970,361</u>
Deficiency of revenues under expenditures / net change in fund balances	(485,654)	(597,938)	(914,303)	(316,365)
Fund balances - beginning	<u>9,816,449</u>	<u>9,816,449</u>	<u>9,816,449</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,330,795</u>	<u>\$ 9,218,511</u>	<u>\$ 8,902,146</u>	<u>\$ (316,365)</u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Fund Net Assets
Proprietary Fund
June 30, 2012

	Governmental Activities - Internal Service Fund
	<u> </u>
Assets:	
Cash and investments	\$ 1,378,442
Liabilities:	
District retirement benefit	436,141
Net OPEB obligation	<u>3,377</u>
Total liabilities	<u>439,518</u>
Net assets, unrestricted	<u><u>\$ 938,924</u></u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Fund
Year Ended June 30, 2012

	<u>Governmental Activities - Internal Service Fund</u>
Revenues:	
Charges for services	\$ 7,440
Expenses:	
Supporting services:	
Health care benefits	384,956
Benefit payouts	<u>259,555</u>
Total expenses	<u>644,511</u>
Operating loss	(637,071)
Nonoperating revenue:	
Earnings on investments	<u>13,846</u>
Change in net assets	<u>(623,225)</u>
Net assets - beginning	<u>1,562,149</u>
Net assets - ending	<u><u>\$ 938,924</u></u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Statement of Fund Cash Flows
Proprietary Fund
Year Ended June 30, 2012

	<u>Governmental Activities - Internal Service Fund</u>
Cash flows from operating activities:	
Insurance premiums received from users	\$ 7,440
Cash paid to insurance provider	(384,956)
Cash paid to retirees	(145,146)
Net cash used by operating activities	<u>(522,662)</u>
Cash flows from investing activities:	
Interest received on investments	<u>13,846</u>
Decrease in cash and cash equivalents	(508,816)
Cash and cash equivalents - beginning	<u>1,887,258</u>
Cash and cash equivalents - ending	<u><u>\$ 1,378,442</u></u>
Displayed on statement of fund net assets as <i>cash and investments</i>	
Supplemental information:	
The proprietary fund type had no noncash investing, noncapital financing, or capital and related financing activities.	
A reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (637,071)
Increase in district retirement benefit	140,750
Decrease in net OPEB obligation	(26,341)
Net cash used by operating activities	<u><u>\$ (522,662)</u></u>

The notes to the financial statements are an integral part of this statement.

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Murray City School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting entity – The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government. As required by GAAP, these financial statements present the District and its blended component unit, Murray Education Foundation (Foundation), for which the District is considered to be financially accountable. A blended component unit, although a legally separate entity, is, in substance, part of the District’s operations.

The Murray Education Foundation, a blended component unit reported as a special revenue fund of the District, is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. The Foundation’s board is approved by the Board of Education. The Foundation exclusively services the District. The District makes all personnel decisions and pays all operating costs for the Foundation.

Government-wide and fund financial statements – The *government-wide financial statements* (the statement of net assets and the statement of activities) display information about the primary government (the District) and its blended component unit. These statements include the financial activities of the overall District. As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District’s governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for “shared” capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school lunch services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District’s funds, including its blended component unit. Separate statements for each fund category (governmental and proprietary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

earnings, result from non-exchange transactions or ancillary activities. Operating expenses result from transactions directly associated with the fund's principal service.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Additionally, the District reports the following fund type:

- The *lifetime insurance internal service fund* (a proprietary fund) is an insurance pool used to accumulate premiums charged to other funds of the District and used to pay District retirement benefits (see Note 5) and post-retirement health care benefits for eligible employees retiring on or after June 30, 1988 (see Note 8).

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and proprietary fund financial statements* are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general obligation bonds, early retirement and post-retirement healthcare benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt is reported as an other financing source.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

Budgetary Data – The District operates within the budget requirements for school districts as specified by state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds except the *Murray Education Foundation special revenue fund*. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22 at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2012, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments of the District, as well as for its component unit, are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Utah Public Treasurers' Investment Fund (PTIF).

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Donated food commodities are recorded as revenue when received. Inventories reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating they are not expected to be converted to cash.

Capital Assets – Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial,

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

individual cost of more than \$5,000 for land and equipment and \$100,000 for buildings. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or significantly extend the asset's life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Portable classrooms	20
Remodels	15
Maintenance equipment	10
Vocational education equipment	10
Buses	10
Musical instruments	10
Furniture	10
Communications equipment	10
Food service equipment	10
Office equipment	7
Athletic equipment	7
Vehicles	7
Computer equipment	5

Compensated Absences – Under terms of association agreements, employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days. No reimbursement or accrual is made for unused sick leave.

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Obligations – In the government-wide financial statements and internal service fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net assets. Bond premiums and discounts, as well as issuance and refunding costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance and refunding costs, during the current period. The face amount of debt issued is reported as an other financing source. Premiums received on debt issuances are reported as an other financing source while discounts on debt issuances are reported as an other financing use. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as an expenditure.

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Fund Balance Classifications – 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 District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth.

Fund balance classifications are summarized as follows:

- **Nonspendable** – This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories are classified as nonspendable.

- **Restricted** – This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, and community recreation).

 - b) Remaining fund balances in the *school lunch fund*.

- **Committed** – This category includes amounts that can only be used for specific purposes established by formal action of the District’s Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an “undistributed reserve,” the District maintains for economic stabilization up to five percent of *general fund* budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e., reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used “in the negotiation or settlement of contract salaries for school district employees.”

 - b) The District has committed *general fund* resources for compensated absences and retirement benefits for employees and early retirement and health care benefits for eligible retirees.

 - c) The District has committed other governmental fund resources to support District activities at schools including athletics, textbooks, field trips, music programs, book fairs, and school plays.

 - d) The District has committed other governmental fund resources to the Murray Education Foundation to be used for fund raising, operations, schools, and other purposes.

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

- **Unassigned** – Residual balances in the *general fund* are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources. Of the unrestricted resources, committed resources will be used first and then unassigned resources.

2. DEPOSITS AND INVESTMENTS

The District complies with the State Money Management Act (Utah Code Title 51, Chapter 7) (Act) and related Rules of the Money Management Council (Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the PTIF, certificates of deposit, US Treasury obligations, US agency issues, high-grade commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The PTIF is an external government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the state of Utah. Participants in the PTIF share proportionally in the income, costs, gains and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposit and top-rated domestic commercial paper held by the Utah State Treasurer; the portfolio has a weighted average life of 90 days or less. The reported value of the pool approximates the fair value of the pool shares.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Rules of the Council allow Murray Education Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

The District’s investments are with the PTIF and in corporate bonds through a broker. The Foundation has deposits separate from the District and invests private funds through a broker.

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

A reconciliation of cash and investments at June 30, 2012, as shown on the financial statements is as follows:

Carrying amount of deposits	\$ 1,370,741
Carrying amount of investments	<u>28,832,522</u>
Total deposits and investments	<u><u>\$30,203,263</u></u>
Cash and investments - governmental funds, balance sheet	\$28,824,821
Cash and investments - internal service funds, statement of fund net assets	<u>1,378,442</u>
Total cash and investments	<u><u>\$30,203,263</u></u>

Deposits – At June 30, 2012, the District and Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Murray City School District	\$ 1,037,135	\$ 1,449,465	\$1,449,465
Murray Education Foundation	<u>333,606</u>	<u>333,606</u>	<u>333,606</u>
	<u><u>\$ 1,370,741</u></u>	<u><u>\$ 1,783,071</u></u>	<u><u>\$ 1,783,071</u></u>

- Custodial credit risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2012, the District’s bank deposits were uncollateralized nor is it required by law.

Investments – At June 30, 2012, the District and Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Murray City School District:					
Utah Public Treasurers'					
Investment Fund (PTIF)	\$ 15,165,020	\$ 15,165,020	\$ -	\$ -	\$ -
Corporate bonds	12,899,637	5,985,669	6,913,968	-	-
Murray Education Foundation:					
Utah Public Treasurers'					
Investment Fund (PTIF)	136,291	136,291	-	-	-
Corporate bonds	613,883	414,598	199,285	-	-
Government bonds	<u>17,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,691</u>
Total investments	<u><u>\$ 28,832,522</u></u>	<u><u>\$ 21,701,578</u></u>	<u><u>\$ 7,113,253</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 17,691</u></u>

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

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- **Interest Rate Risk** – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers' acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years. The Foundation can invest private funds in fixed-income securities with a dollar-weighted average maturity not to exceed ten years.
 - **Credit Risk** – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody's Investors Service, Inc. or by Standard and Poor's Corporation. The District has no investment policy that would further limit its investment choices. As of June 30, 2012, the District's investments in corporate and government bonds were rated at A or higher by Standard and Poor's. The PTIF is not rated.
 - **Concentration of Credit Risk** – Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and or corporate obligations to 5% of the District's total portfolio with a single issuer. The District places no other limits on the amount it may invest in any one issuer. The Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.
 - **Custodial Credit Risk** – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The District's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Salt Lake County (the County) treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 (the legal lien date) and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2.5% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 31 of the following year, these delinquent taxes, including penalties, are subject to an interest charge; the interest period is from January 1 until date paid.

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

An annual uniform fee based on the value of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market statewide value of the property, as established by the State Tax Commission. Legislation requires motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2012, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2012 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

4. CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 16,067,445	\$ 1,669,361	\$ -	\$ 17,736,806
Capital assets, being depreciated:				
Buildings	57,908,014	-	-	57,908,014
Equipment	<u>3,948,650</u>	<u>304,194</u>	<u>(88,505)</u>	<u>4,164,339</u>
Total capital assets, being depreciated	61,856,664	304,194	(88,505)	62,072,353
Accumulated depreciation for:				
Buildings	(19,720,865)	(1,226,174)	-	(20,947,039)
Equipment	<u>(2,669,912)</u>	<u>(246,003)</u>	<u>88,505</u>	<u>(2,827,410)</u>
Total accumulated depreciation	<u>(22,390,777)</u>	<u>(1,472,177)</u>	<u>88,505</u>	<u>(23,774,449)</u>
Total capital assets being depreciated, net	<u>39,465,887</u>	<u>(1,167,983)</u>	<u>-</u>	<u>38,297,904</u>
Governmental activities capital assets, net	<u>\$ 55,533,332</u>	<u>\$ 501,378</u>	<u>\$ -</u>	<u>\$ 56,034,710</u>

For the year ended June 30, 2012, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,063,529
Supporting services:	
District administration	10,722
School administration	48,618
Operation and maintenance of facilities	19,590
Student transportation	144,912
Central	100,951
School lunch services	<u>83,855</u>
Total depreciation expense, governmental activities	<u>\$ 1,472,177</u>

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

5. RETIREMENT PLANS

Defined Benefit Plans – The District contributes to the following cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (URS) and Plans (Systems).

Tier 1 State and School Contributory System
Tier 1 State and School Noncontributory System
Tier 2 State and School Contributory System (new in 2012)

The Systems provides refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Title 49 of the *Utah Code*. The Utah State Retirement 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 issue a publicly available financial report that includes financial statements and required supplementary information for the Systems. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

The contributions requirements of the Systems are authorized by statute and specified by the Utah State Retirement Board. The District's required contribution rates (actuarially determined) for the year ended June 30, 2012 and required contributions to the Systems for the years ended June 30, 2012, 2011, and 2010 are as follows:

- Plan members in the Tier 1 State and School Contributory Retirement System are required to contribute 1.00% of annual covered salary, and the District contributes 17.37% of annual covered salary. For employees participating in the Tier 1 State and School Noncontributory System, the District contributes 16.86% of annual covered salary. For employees participating in the Tier 2 State and School Contributory System, the District contributes 12.74% of annual covered salary.
- The District's contributions to the Tier 1 State and School Contributory Retirement System for the years ended June 30, 2012, 2011, and 2010, are \$9,510, \$8,188, and \$10,269, respectively, and employee contributions were \$0, \$243, and \$697, respectively. The District's contributions to the Tier 1 State and School Noncontributory Retirement System for the years ended June 30, 2012, 2011, and 2010, are \$3,879,968, \$3,705,594, and \$3,247,514, respectively. The District's contributions to the Tier 2 State and School Contributory System for the year ended June 30, 2012 were \$55,327. The contributions were equal to the required contributions for each year.

Defined Contribution Plans – The District also participates in a defined contribution plan under Internal Revenue Code Section 401(k) to supplement retirement benefits accrued by participants in the Systems. Employees covered by the Tier 1 State and School Noncontributory Retirement System have a contribution of 2.5% of covered salaries automatically made by the District. Employees participating in the Systems can make additional contributions to the 401(k) plan up to specified limits. Contributions and earnings may be withdrawn by the employee upon termination or may be used as supplemental income upon retirement. The employer 401(k) contributions for the years ended June 30, 2012, 2011, and 2010, are \$550,587, \$710,086, and \$826,765, respectively; the employee contributions for the years ended June 30, 2012, 2011, and 2010, are \$653,463, \$629,498, and \$691,715, respectively. The 401(k) plan funds are fully vested to the participants at the time of deposit. Plan assets are administered and held by URS and the URS has the authority to establish or amend contribution requirements and other plan provisions.

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

The District also offers its employees a deferred compensation plan created in accordance with Internal Revenue Service Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Employees are eligible to voluntarily participate from the date of employment and are vested immediately upon participating. Employee contributions to the Section 457 plan totaled \$109,813, \$113,780, and \$99,943, for the years ended June 30, 2012, 2011, and 2010, respectively. The assets of the plan are administered and held by URS and the URS has the authority to amend the plans.

In addition to the defined contribution and deferred compensation plans, the District offers its employees two tax-advantaged savings plans authorized by Internal Revenue Service Code Section 408 (IRA). Employees are eligible to participate from the date of employment and are vested immediately upon participation. For the years ended June 30, 2012, 2011, and 2010, employee contributions to the Roth IRA were \$18,299, \$11,227, and \$11,556, respectively, and employee contributions to the Traditional IRA were \$2,300, \$800, and \$0, respectively. The assets of the plan are administered and held by URS and the URS has the authority to amend the plans.

Early Retirement Benefits – The District provides an early retirement incentive program. Eligibility is restricted to those teachers and administrators with a minimum of ten years of service in the District who have reached the age of 62. Also, those who retire before the age of 62 and have 15 years with the District and a minimum of 25 years in education qualify for these benefits. Those qualifying under this plan, who choose to retire early, may receive benefits for up to three consecutive years. Benefits are determined by taking 50% each year of the difference between step three, lane one of the existing salary schedule and the basic contract amount which educators would have been paid had they continued their assignment for those retiring at age 62, 63, and 64, respectively. The District made \$323,864 in direct payments to retirees under this option for the year ended June 30, 2012.

District Retirement Benefit – During the year ended June 30, 2004, the District established a program which provides current employees who complete 25 years of service and are eligible (certified and administrative employees hired before July 1, 1992 and classified employees hired before September 1, 1988) a one-time payment of \$15,091, plus interest from June 30, 2004, in lieu of receiving post-retirement health care benefits (see Note 8). The present value of amounts payable for benefits in future periods as of June 30, 2012 is estimated at \$838,915; 52 employees are eligible to receive these benefits. Amounts paid annually have approximated the average annual cost of the benefit. Amounts payable at June 30, 2012 totaled \$436,141. The District retirement benefit is serviced by the *lifetime insurance internal service fund*.

6. RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10 million per occurrence through policies administered by the Utah State Risk Management Fund (Fund). The District also insures its buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Fund. Property physical damage is insured to replacement value with a \$1,000 deductible; automobile physical damage is insured to actual value with a \$350 deductible; other liability is limited to the lesser of \$10 million or the statutory limit. The Fund is a public entity risk pool operated by the State for the benefit of the State and local governments within the State. The District pays annual premiums to the Fund; the Fund obtains independent coverage for insured events, up to \$25 million per location. This is a pooled arrangement where the participants pay experienced rated annual premiums, which are designed to pay claims and build sufficient reserves so that the pool will be able to protect the participating entities with its own capital. The pool reinsures excess losses to preserve the capital base. Insurance coverage by major

MURRAY CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Continued

category of risk has remained relatively constant as compared to the prior fiscal year. Insurance settlements have not exceeded insurance coverage for the past three years.

The Utah Local Governments Trust covers all District employees for workers' compensation. Unemployment insurance is covered by the District on a pay-as-you-go basis; settled claims for the past three years have been insignificant.

7. LONG-TERM LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds payable	\$ 19,435,000	\$ -	\$(1,620,000)	\$ 17,815,000	\$ 1,690,000
Deferred amounts on refunding	(578,062)	-	63,640	(514,422)	-
Total bonds payable, net	18,856,938	-	(1,556,360)	17,300,578	1,690,000
Compensated absences payable	53,624	155,594	(138,379)	70,839	70,839
Early retirement benefits payable	178,068	436,185	(323,864)	290,389	121,995
Net OPEB obligation	29,718	358,615	(384,956)	3,377	-
Total governmental activity long-term liabilities	<u>\$ 19,118,348</u>	<u>\$ 950,394</u>	<u>\$(2,403,559)</u>	<u>\$ 17,665,183</u>	<u>\$ 1,882,834</u>

Payments on the general obligation bonds are made by the *debt service fund* from property taxes levied for debt service and earnings on investments. Compensated absences and early retirement benefits will be paid primarily from the *general fund*.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2012, including interest payments are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2013	\$ 1,690,000	\$ 750,449	\$ 2,440,449
2014	1,750,000	677,969	2,427,969
2015	1,825,000	588,594	2,413,594
2016	1,925,000	494,844	2,419,844
2017	2,000,000	405,719	2,405,719
2018-2021	8,625,000	741,359	9,366,359
Total	<u>\$ 17,815,000</u>	<u>\$ 3,658,934</u>	<u>\$ 21,473,934</u>

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

General Obligation Bonds – General obligation school building bonds payable at June 30, 2012 with their outstanding balance are comprised of the following individual issues:

\$19,140,000 general obligation refunding bonds, issued October 15, 2002, maturing August 1, 2020, interest from 3.0% to 4.4%	<u>\$ 17,815,000</u>
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The general obligation bonded debt of the District is limited by state law to 4.0% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2012 is about \$158.0 million. Net general obligation debt at June 30, 2012 is \$17.3 million, resulting in a legal debt margin of about \$140.7 million.

8. OTHER POSTEMPLOYMENT BENEFITS

Plan Description – The District provides a life-time Medicare supplement insurance benefit for eligible retirees (contract employees age 65 or older, who have completed at least 15 years of service with the District, retired under the provisions of the Utah Retirement System, and retired prior to July 1, 2006) and their dependents through a health insurance plan offered through Educators Mutual. There are currently 104 retirees receiving benefit coverage. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a separate report.

Funding Policy – The District currently pays for postemployment benefits on a “pay-as-you-go” basis. These financial statements assume that “pay-as-you-go” funding will continue.

Annual OPEB Cost and Net OPEB Obligation – The District’s annual other postemployment benefit (OPEB) cost (expense) is calculated based on the employer’s annual required contribution (ARC), an amount actuarially determined in accordance with current accounting standards. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. For the year ended June 30, 2012, the District’s annual OPEB cost (expense) was \$358,615.

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

Annual required contribution	\$ 359,246
Interest on net OPEB obligation	1,189
Adjustment to annual required contribution	<u>(1,820)</u>
Annual OPEB cost (expense)	358,615
Contributions made	<u>(384,956)</u>
Decrease in net OPEB obligation	(26,341)
Net OPEB obligation - Beginning	<u>29,718</u>
Net OPEB obligation - Ending	<u><u>\$ 3,377</u></u>

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

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

Year Ended June, 30	Annual OPEB Cost	Employer Contributions	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2010	\$ 302,530	\$ 189,585	62.7%	\$ 47,924
2011	358,398	376,604	105.1%	29,718
2012	358,615	384,956	107.3%	3,377

Funded Status and Funding Progress – The funded status of the plan as of June 30, 2012 is as follows:

Actuarial accrued liability (AAL)	\$ 6,225,584
Actuarial value of plan assets	-
Unfunded actuarial accrued liability (UAAL)	6,225,584
Funded ratio (actuarial value of plan assets/AAL)	0%
Covered payroll (active plan members)	-
UAAL as a percentage of covered payroll	0%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, shown as required supplementary information following the notes to the basic financial statements, presents the results of OPEB valuations as of July 1, 2010 and 2008 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2010 actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.3% initially, reduced by decrements to an ultimate rate of 4.7% after fifty-one years. Both rates include a 2.5% inflation assumption. The actuarial value of assets was not determined as the District has not advanced its obligation. The UAAL is being amortized as a level dollar amount over an open twenty-seven year period.

9. INTERFUND BALANCES

The amounts payable to the *general* fund from the *Murray Education Foundation fund* (a fund within the other governmental funds) totaled \$199,285 for the year ended June 30, 2012. The amounts payable are related to investments purchased by the District on behalf of the Murray Education Foundation.

MURRAY CITY SCHOOL DISTRICT
Notes to Basic Financial Statements
Continued

10. LITIGATION AND LEGAL COMPLIANCE

At certain times, claims or lawsuits are pending in which the District is involved. The District's counsel and insurance carriers estimate that the District's potential obligations resulting from such claims or litigation would not materially affect the financial statements of the District.

All funds balances are positive at June 30, 2012. Expenditures for the year ended June 30, 2012 are less than budgeted amounts for each fund.

11. GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District's independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be insignificant.

12. SUBSEQUENT EVENT

On November 14, 2012, the District issued \$41,025,000 of general obligation building and refunding bonds. The District refunded \$10,625,000 of general obligation refunding bonds in connection with this issuance.

REQUIRED SUPPLEMENTARY INFORMATION

MURRAY CITY SCHOOL DISTRICT
Required Supplementary Information

Schedule of Funding Progress
Other Postemployment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b - a)	Ratio Funded (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
July 1, 2010	\$ -	\$ 6,225,584	\$ 6,225,584	0.0%	\$ -	0.0%
July 1, 2008	-	5,423,709	5,423,709	0.0%	-	0.0%

Effective July 1, 2008, the District implemented GASB 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Accordingly, the actuarial valuation dated July 1, 2008 is the first valuation to be reported. The District has elected to establish additional resources for the unfunded actuarial accrued liability (UAAL) by accumulating net assets in its *lifetime insurance internal service fund* and by committing a portion of the fund balance in the *general fund* rather than making contributions to a pension trust fund. Doing so does not qualify as "funding" as defined by the GASB.

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	<u>2012</u>			<u>2011</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Taxes	\$ 11,260,182	\$ 12,429,628	\$ 1,169,446	\$ 11,210,164
Earnings on investments	110,000	232,949	122,949	106,823
Other	1,044,363	1,247,219	202,856	882,628
State sources	23,211,704	22,060,958	(1,150,746)	22,390,362
Federal sources	3,711,369	2,080,138	(1,631,231)	3,594,712
Total revenues	<u>39,337,618</u>	<u>38,050,892</u>	<u>(1,286,726)</u>	<u>38,184,689</u>
Expenditures:				
Current:				
Salaries	25,361,500	24,763,227	598,273	24,761,810
Employee benefits	9,793,285	10,105,288	(312,003)	9,308,095
Purchased services	1,571,765	1,408,537	163,228	1,240,820
Supplies	2,902,621	2,334,924	567,697	2,415,447
Property	259,808	320,150	(60,342)	454,041
Other objects	46,577	33,069	13,508	36,949
Total expenditures	<u>39,935,556</u>	<u>38,965,195</u>	<u>970,361</u>	<u>38,217,162</u>
Deficiency of revenues under expenditures / net change in fund fund balances	(597,938)	(914,303)	(316,365)	(32,473)
Fund balances - beginning	<u>9,816,449</u>	<u>9,816,449</u>	<u>-</u>	<u>9,848,922</u>
Fund balances - ending	<u>\$ 9,218,511</u>	<u>\$ 8,902,146</u>	<u>\$ (316,365)</u>	<u>\$ 9,816,449</u>

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Debt Service Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property tax	\$ 2,436,679	\$ 2,454,963	\$ 18,284	\$ 2,412,651
Earnings on investments	10,000	20,416	10,416	6,588
Total revenues	<u>2,446,679</u>	<u>2,475,379</u>	<u>28,700</u>	<u>2,419,239</u>
Expenditures:				
Principal retirement	1,620,000	1,620,000	-	1,545,000
Interest and fiscal charges	1,717,929	826,536	891,393	933,316
Total expenditures	<u>3,337,929</u>	<u>2,446,536</u>	<u>891,393</u>	<u>2,478,316</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	<u>(891,250)</u>	<u>28,843</u>	<u>920,093</u>	<u>(59,077)</u>
Fund balances - beginning	<u>1,887,295</u>	<u>1,887,295</u>	<u>-</u>	<u>1,946,372</u>
Fund balances - ending	<u><u>\$ 996,045</u></u>	<u><u>\$ 1,916,138</u></u>	<u><u>\$ 920,093</u></u>	<u><u>\$ 1,887,295</u></u>

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Taxes	\$ 3,202,565	\$ 2,669,345	\$ (533,220)	\$ 3,228,134
Earnings on investments	100,000	95,305	(4,695)	65,946
Other	40,000	25,686	(14,314)	34,068
State sources	25,906	7,086	(18,820)	13,218
Federal sources	-	-	-	36,000
Total revenues	<u>3,368,471</u>	<u>2,797,422</u>	<u>(571,049)</u>	<u>3,377,366</u>
Expenditures:				
Current:				
Purchased services	661,688	509,420	152,268	298,061
Supplies	216,284	403,186	(186,902)	133,837
Property	7,887,310	2,239,661	5,647,649	2,347,353
Total expenditures	<u>8,765,282</u>	<u>3,152,267</u>	<u>5,613,015</u>	<u>2,779,251</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(5,396,811)	(354,845)	5,041,966	598,115
Fund balances - beginning	<u>12,137,812</u>	<u>12,137,812</u>	<u>-</u>	<u>11,539,697</u>
Fund balances - ending	<u>\$ 6,741,001</u>	<u>\$ 11,782,967</u>	<u>\$ 5,041,966</u>	<u>\$ 12,137,812</u>

MURRAY CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2012

	Special Revenue				Total Nonmajor Governmental Funds
	Non K-12 Programs	School Lunch	Murray Education Foundation	Student Activities	
Assets:					
Cash and investments	\$ 227,351	\$ 633,511	\$ 1,101,471	\$ 770,085	\$ 2,732,418
Receivables:					
Property taxes	15,560	-	-	-	15,560
Other local	-	13,080	-	-	13,080
State of Utah	-	123,272	-	-	123,272
Federal government	37,235	-	-	-	37,235
Total assets	<u>\$ 280,146</u>	<u>\$ 769,863</u>	<u>\$ 1,101,471</u>	<u>\$ 770,085</u>	<u>\$ 2,921,565</u>
Liabilities:					
Accounts payable	\$ 4,093	\$ 29,725	\$ -	\$ -	\$ 33,818
Accrued salaries and benefits	33,831	13,923	-	-	47,754
Deferred revenue:					
Property taxes	15,981	-	-	-	15,981
Other local	-	29,744	-	-	29,744
State of Utah	2,353	-	-	-	2,353
Federal government	15,944	-	-	-	15,944
Due to other funds	-	-	199,285	-	199,285
Total liabilities	<u>72,202</u>	<u>73,392</u>	<u>199,285</u>	<u>-</u>	<u>344,879</u>
Fund balances:					
Restricted for:					
Community recreation	207,944	-	-	-	207,944
School lunch services	-	696,471	-	-	696,471
Committed to:					
Foundation programs	-	-	902,186	-	902,186
Student activities	-	-	-	770,085	770,085
Total fund balances	<u>207,944</u>	<u>696,471</u>	<u>902,186</u>	<u>770,085</u>	<u>2,576,686</u>
Total liabilities and fund balances	<u>\$ 280,146</u>	<u>\$ 769,863</u>	<u>\$ 1,101,471</u>	<u>\$ 770,085</u>	<u>\$ 2,921,565</u>

MURRAY CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2012

	<u>Special Revenue</u>				Total Nonmajor Governmental Funds
	<u>Non K-12 Programs</u>	<u>School Lunch</u>	<u>Murray Education Foundation</u>	<u>Student Activities</u>	
Revenues:					
Local sources:					
Property tax	\$ 372,778	\$ -	\$ -	\$ -	\$ 372,778
Lunch sales	-	817,054	-	-	817,054
Earnings on investments	746	8,015	2,058	4,569	15,388
Other local revenues	276,927	15,235	283,627	1,557,250	2,133,039
State sources	297,756	334,875	-	-	632,631
Federal sources	79,952	1,189,842	-	-	1,269,794
Total revenues	<u>1,028,159</u>	<u>2,365,021</u>	<u>285,685</u>	<u>1,561,819</u>	<u>5,240,684</u>
Expenditures:					
Current:					
Instruction	356,421	-	48,209	1,530,300	1,934,930
Supporting services:					
School administration	90	-	-	-	90
Operation and maintenance of facilities	13,751	-	-	-	13,751
Community services	768,131	-	-	-	768,131
School lunch services	-	2,361,666	-	-	2,361,666
Total expenditures	<u>1,138,393</u>	<u>2,361,666</u>	<u>48,209</u>	<u>1,530,300</u>	<u>5,078,568</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(110,234)	3,355	237,476	31,519	162,116
Fund balances - beginning	<u>318,178</u>	<u>693,116</u>	<u>664,710</u>	<u>738,566</u>	<u>2,414,570</u>
Fund balances - ending	<u>\$ 207,944</u>	<u>\$ 696,471</u>	<u>\$ 902,186</u>	<u>\$ 770,085</u>	<u>\$ 2,576,686</u>

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Taxes	\$ 398,756	\$ 372,778	\$ (25,978)	\$ 392,610
Earnings on investments	575	746	171	113,461
Other local revenue	417,894	276,927	(140,967)	219,332
State sources	220,777	297,756	76,979	248,245
Federal sources	41,930	79,952	38,022	94,081
Total revenues	<u>1,079,932</u>	<u>1,028,159</u>	<u>(51,773)</u>	<u>1,067,729</u>
Expenditures:				
Current:				
Salaries	721,209	680,730	40,479	661,554
Employee benefits	231,151	194,462	36,689	186,365
Purchased services	66,755	95,275	(28,520)	79,877
Supplies	28,403	63,542	(35,139)	57,525
Property	1,394	2,266	(872)	4,069
Other objects	196,798	102,118	94,680	98,372
Total expenditures	<u>1,245,710</u>	<u>1,138,393</u>	<u>107,317</u>	<u>1,087,762</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(165,778)	(110,234)	55,544	(20,033)
Fund balances - beginning	<u>318,178</u>	<u>318,178</u>	<u>-</u>	<u>338,211</u>
Fund balances - ending	<u><u>\$ 152,400</u></u>	<u><u>\$ 207,944</u></u>	<u><u>\$ 55,544</u></u>	<u><u>\$ 318,178</u></u>

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Lunch
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 1,020,000	\$ 817,054	\$ (202,946)	\$ 922,421
Earnings on investments	3,000	8,015	5,015	2,962
Other local revenue	16,500	15,235	(1,265)	12,783
State sources	295,000	334,875	39,875	322,629
Federal sources	1,113,000	1,189,842	76,842	1,159,567
Total revenues	<u>2,447,500</u>	<u>2,365,021</u>	<u>(82,479)</u>	<u>2,420,362</u>
Expenditures:				
Current:				
Salaries	821,872	744,026	77,846	799,028
Benefits	297,955	264,694	33,261	254,395
Purchased services	55,029	31,948	23,081	23,681
Supplies	1,238,193	1,232,772	5,421	1,265,780
Property	281,009	35,573	245,436	19,542
Other objects	62,535	52,653	9,882	52,654
Total expenditures	<u>2,756,593</u>	<u>2,361,666</u>	<u>394,927</u>	<u>2,415,080</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(309,093)	3,355	312,448	5,282
Fund balances - beginning	<u>693,116</u>	<u>693,116</u>	<u>-</u>	<u>687,834</u>
Fund balances - ending	<u><u>\$ 384,023</u></u>	<u><u>\$ 696,471</u></u>	<u><u>\$ 312,448</u></u>	<u><u>\$ 693,116</u></u>

MURRAY CITY SCHOOL DISTRICT
Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances
Murray Education Foundation
Nonmajor Special Revenue Fund
Years Ended June 30, 2012 and 2011

	2012	2011
Revenues:		
Local sources:		
Contributions	\$ 283,627	\$ 140,499
Earnings on investments	2,058	18,827
Total revenues	285,685	159,326
 Expenditures:		
Current:		
Instruction	48,209	96,679
Excess of revenues over expenditures / net change in fund balances	237,476	62,647
 Fund balances - beginning	 664,710	 602,063
Fund balances - ending	\$ 902,186	\$ 664,710

MURRAY CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Student Activities
Nonmajor Special Revenue Fund
Year Ended June 30, 2012
With Comparative Totals for 2011

	2012			2011
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ -	\$ 4,569	\$ 4,569	\$ 3,196
Other local revenue	1,500,000	1,557,250	57,250	1,600,343
Total revenues	<u>1,500,000</u>	<u>1,561,819</u>	<u>61,819</u>	<u>1,603,539</u>
Expenditures:				
Current:				
Purchased services	157,000	567,237	(410,237)	579,361
Supplies	1,573,930	639,994	933,936	723,459
Property	7,000	45,722	(38,722)	55,580
Other objects	150,000	277,347	(127,347)	242,730
Total expenditures	<u>1,887,930</u>	<u>1,530,300</u>	<u>357,630</u>	<u>1,601,130</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(387,930)	31,519	419,449	2,409
Fund balances - beginning	<u>738,566</u>	<u>738,566</u>	-	<u>736,157</u>
Fund balances - ending	<u><u>\$ 350,636</u></u>	<u><u>\$ 770,085</u></u>	<u><u>\$ 419,449</u></u>	<u><u>\$ 738,566</u></u>

OTHER INFORMATION
(Unaudited)

MURRAY CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF NET ASSETS
GOVERNMENTAL ACTIVITIES (Accrual Basis of Accounting)
June 30, 2012 through 2008

	2012	2011	2010	2009	2008
Assets:					
Cash and investments	\$ 30,203,263	\$ 31,309,076	\$ 32,213,086	\$ 31,109,069	\$ 33,423,062
Receivables:					
Property taxes	17,393,802	17,179,433	16,582,363	15,429,459	15,883,300
Other local	140,732	525,213	2,251	27,897	89,998
State of Utah	335,991	186,274	296,815	84,126	108,850
Federal government	2,010,783	2,450,646	809,611	152,566	274,815
Prepaid expenses	-	-	-	-	465
Inventories	498,688	755,502	714,683	965,684	585,858
Bond issuance costs, net of accumulated amortization	88,424	99,364	110,304	121,244	132,184
Net OPEB asset	-	-	-	65,021	-
Capital assets:					
Land	17,736,806	16,067,445	14,735,553	13,835,247	8,560,138
Buildings and equipment, net of accumulated depreciation	38,297,904	39,465,887	40,620,128	41,618,605	42,559,911
Total assets	<u>106,706,393</u>	<u>108,038,840</u>	<u>106,084,794</u>	<u>103,408,918</u>	<u>101,618,581</u>
Liabilities:					
Accounts payable	2,613,995	2,809,853	1,793,369	2,060,096	2,108,381
Accrued interest	324,766	355,841	385,615	414,640	442,277
Accrued salaries and benefits	3,160,631	3,126,541	2,902,635	3,139,614	2,819,487
Unearned revenue:					
Property taxes	16,937,503	16,643,263	16,182,042	14,992,518	15,666,697
Other local	51,206	58,045	36,900	48,602	42,631
State of Utah	1,207,369	1,365,594	1,490,672	1,900,296	1,977,924
Federal government	19,911	23,367	13,198	14,805	40,265
Noncurrent liabilities:					
Due and payable within one year	1,882,834	1,789,677	1,800,936	1,875,168	1,893,839
Due and payable after one year	15,782,349	17,328,671	18,995,000	20,597,492	21,987,783
Total liabilities	<u>41,980,564</u>	<u>43,500,852</u>	<u>43,600,367</u>	<u>45,043,231</u>	<u>46,979,284</u>
Net assets:					
Invested in capital assets, net of related debt	38,822,556	36,775,758	35,017,382	33,699,193	28,014,030
Restricted for:					
Debt service	1,660,449	1,611,641	1,613,452	1,707,853	1,662,445
Capital projects	11,823,367	12,184,787	11,567,268	9,044,795	11,826,139
Community recreation	707,773	706,281	696,688	674,157	457,157
School lunch services	207,944	318,178	338,211	444,570	401,986
Transportation	60,938	51,739	71,085	71,085	71,085
Unrestricted	11,442,802	12,889,604	13,180,341	12,724,034	12,206,455
Total net assets	<u>\$ 64,725,829</u>	<u>\$ 64,537,988</u>	<u>\$ 62,484,427</u>	<u>\$ 58,365,687</u>	<u>\$ 54,639,297</u>

MURRAY CITY SCHOOL DISTRICT
COMPARATIVE STATEMENTS OF ACTIVITIES
GOVERNMENTAL ACTIVITIES (Accrual Basis of Accounting)
Years Ended June 30, 2012 through 2008

	2012	2011	2010	2009	2008
Expenses:					
Instruction	\$ 29,984,312	\$ 29,903,695	\$ 29,669,641	\$ 30,860,487	\$ 29,159,778
Supporting services:					
Student	1,723,176	1,763,044	1,679,543	1,864,053	2,039,192
Instructional staff	1,789,506	1,554,908	1,685,470	1,685,054	1,655,525
General administration	1,127,919	778,709	788,927	792,223	776,094
School administration	2,542,028	2,453,638	2,458,705	2,608,464	2,469,975
Central	1,677,403	1,575,102	1,339,474	1,399,858	1,386,348
Operation and maintenance of facilities	4,227,793	4,119,525	4,042,899	4,337,791	4,287,420
Student transportation	1,062,989	948,326	1,060,380	1,062,998	910,694
School lunch services	2,445,521	2,494,372	2,392,552	2,135,143	2,194,020
Community services	898,992	843,688	847,603	1,009,160	1,157,823
Interest on long-term liabilities	859,101	967,181	996,831	1,063,383	1,126,144
Total school district	<u>48,338,740</u>	<u>47,402,188</u>	<u>46,962,025</u>	<u>48,818,614</u>	<u>47,163,013</u>
Program Revenues:					
Instruction	7,420,401	9,291,059	9,005,983	7,368,271	6,207,792
Supporting services:					
Student	498,606	440,881	293,355	276,883	349,009
Instructional staff	301,029	280,425	625,542	1,094,202	1,157,279
General administration	195,127	181,340	151,292	188,582	169,180
School administration	1,299	101	99	149	140
Central	240	552	-	-	-
Operation and maintenance of facilities	90,076	137,074	80,545	95,727	78,013
Student transportation	451,666	475,616	695,394	560,294	698,623
School lunch services	2,357,006	2,420,362	2,388,431	2,305,576	2,258,013
Community services	498,830	351,420	310,020	408,675	792,201
Total program revenues	<u>11,814,280</u>	<u>13,578,830</u>	<u>13,550,661</u>	<u>12,298,359</u>	<u>11,710,250</u>
Net (expense) revenue	(36,524,460)	(33,823,358)	(33,411,364)	(36,520,255)	(35,452,763)
General revenues:					
Property taxes	17,867,632	17,380,266	17,534,838	17,965,104	17,853,276
Federal and state aid not restricted to specific purposes	17,258,358	17,567,659	18,419,978	19,650,920	19,105,113
Earnings on investments	377,904	229,269	585,780	643,322	1,417,623
Gain on the sale of capital assets	-	-	-	-	716,749
Miscellaneous	1,208,407	699,725	989,508	1,987,299	1,793,351
Total general revenues	<u>36,712,301</u>	<u>35,876,919</u>	<u>37,530,104</u>	<u>40,246,645</u>	<u>40,886,112</u>
Change in net assets	187,841	2,053,561	4,118,740	3,726,390	5,433,349
Net assets - beginning	<u>64,537,988</u>	<u>62,484,427</u>	<u>58,365,687</u>	<u>54,639,297</u>	<u>49,205,948</u>
Net assets - ending	<u>\$ 64,725,829</u>	<u>\$ 64,537,988</u>	<u>\$ 62,484,427</u>	<u>\$ 58,365,687</u>	<u>\$ 54,639,297</u>

Source: District records

MURRAY CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE BALANCE SHEETS
June 30, 2012 through 2008

	2012	2011	2010	2009	2008
Assets:					
Cash and investments	\$ 12,294,577	\$ 12,868,988	\$ 13,862,899	\$ 15,064,492	\$ 14,790,913
Accounts receivable:					
Property taxes	11,623,979	10,378,714	9,897,878	9,345,788	9,801,681
Other local	127,652	425,832	-	15,400	10,855
State of Utah	212,719	75,585	252,829	8,500	30,698
Federal government	1,973,548	2,404,162	766,461	117,928	263,859
Inventories	498,688	755,502	671,425	884,592	562,217
Prepaid expenditures	-	-	-	-	465
Due from other funds	199,285	-	-	-	-
Total assets	<u>\$ 26,930,448</u>	<u>\$ 26,908,783</u>	<u>\$ 25,451,492</u>	<u>\$ 25,436,700</u>	<u>\$ 25,460,688</u>
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,048,589	\$ 2,234,200	\$ 1,335,735	\$ 1,729,761	\$ 2,038,599
Accrued salaries and benefits	3,112,877	3,083,947	2,869,666	3,094,253	2,775,159
Deferred revenues:					
Property taxes	11,636,391	10,375,195	9,897,533	9,313,111	9,799,456
Other local	21,462	23,252	-	13,286	4,118
State of Utah	1,205,016	1,365,594	1,486,438	1,888,317	1,959,864
Federal government	3,967	10,146	13,198	14,805	40,265
Total liabilities	<u>18,028,302</u>	<u>17,092,334</u>	<u>15,602,570</u>	<u>16,053,533</u>	<u>16,617,461</u>
Fund balances:					
Nonspendable:					
Inventories and prepaid expenditures	498,688	755,502	671,425	884,592	562,682
Restricted for:					
Other purposes	60,938	51,739	71,085	71,085	71,085
Committed to:					
Economic stabilization	2,000,000	2,000,000	2,000,000	2,000,000	1,900,000
Employee and retiree benefits	5,238,358	5,238,358	5,238,358	4,738,358	4,488,358
Unassigned	1,104,162	1,770,850	1,868,054	1,689,132	1,821,102
Total fund balances	<u>8,902,146</u>	<u>9,816,449</u>	<u>9,848,922</u>	<u>9,383,167</u>	<u>8,843,227</u>
Total liabilities and fund balances	<u>\$ 26,930,448</u>	<u>\$ 26,908,783</u>	<u>\$ 25,451,492</u>	<u>\$ 25,436,700</u>	<u>\$ 25,460,688</u>

Note: The District implemented GASB Statements No. 54 in 2011. Fund balance categories for all years have been restated to reflect the new statement as if commitments had been approved in those years.

**MURRAY CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**

Years Ended June 30, 2012 through 2008 with Anticipated Budget for 2013

	Anticipated Budget					
	2013	2012	2011	2010	2009	2008
Revenues:						
Taxes	\$ 11,480,747	\$ 12,429,628	\$ 11,210,164	\$ 10,565,553	\$ 10,985,512	\$ 10,604,750
Earnings on investments	120,000	232,949	106,823	427,111	296,723	621,698
Other local revenue	1,044,763	1,247,219	882,628	1,110,007	506,717	526,146
State sources	23,485,445	22,060,958	22,390,362	22,892,573	24,002,765	24,859,503
Federal sources	3,506,729	2,080,138	3,594,712	4,296,485	4,366,277	2,268,280
Total revenues	39,637,684	38,050,892	38,184,689	39,291,729	40,157,994	38,880,377
Expenditures:						
Current:						
Instruction	26,346,063	25,798,621	25,739,288	26,379,638	26,977,099	25,443,876
Support services:						
Student	1,947,686	1,719,344	1,754,484	1,679,372	1,861,176	2,036,930
Instructional staff	1,940,694	1,789,007	1,554,908	1,673,826	1,685,054	1,654,280
General administration	814,600	1,117,197	767,752	778,205	781,058	757,560
School administration	2,704,840	2,493,320	2,408,644	2,413,114	2,562,823	2,424,349
Central	1,280,680	1,504,572	1,156,905	1,161,726	1,207,548	1,152,696
Operation and maintenance of facilities	4,281,332	3,611,771	3,921,035	3,623,088	3,894,992	4,124,944
Student transportation	824,077	800,502	801,746	807,164	879,736	824,219
Capital outlay	-	-	-	295,920	-	-
Community services	670,624	130,861	112,400	106,456	109,288	123,018
Total expenditures	40,810,596	38,965,195	38,217,162	38,918,509	39,958,774	38,541,872
Excess (deficiency) of revenues over (under) expenditures	(1,172,912)	(914,303)	(32,473)	373,220	199,220	338,505
Other financing sources (uses):						
Transfers	-	-	-	92,535	340,720	1,196,542
Change in fund balances	(1,172,912)	(914,303)	(32,473)	465,755	539,940	1,535,047
Fund balances - beginning	8,902,146	9,816,449	9,848,922	9,383,167	8,843,227	7,308,180
Fund balances - ending	\$ 7,729,234	\$ 8,902,146	\$ 9,816,449	\$ 9,848,922	\$ 9,383,167	\$ 8,843,227

Source: District records

MURRAY CITY SCHOOL DISTRICT
HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY

Tax (Calendar) Years 2011 through 2007

	2011		2010	2009	2008	2007
	Taxable Value	% of TV	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by State Tax Commission-Centrally Assessed	\$ 49,769,449	1.7 %	\$ 49,154,777	\$ 50,234,013	\$ 55,905,182	\$ 50,224,678
Set by County Assessor-Locally Assessed						
Real property:						
Primary residential	1,256,582,040	42.4	1,274,080,389	1,317,338,230	1,467,239,633	1,415,340,316
Other residential	24,124,360	0.8	26,337,730	25,856,220	32,424,660	24,450,130
Commercial and industrial	1,350,635,910	45.5	1,361,584,890	1,414,620,920	1,671,257,040	1,462,264,050
Agriculture buildings	102,870	0.0	111,330	115,840	93,260	153,270
Farmland assessment act (FAA)	-	0.0	-	-	-	-
Unimproved non FAA	6,380	0.0	6,370	6,270	6,140	6,090
Total real property	2,631,451,560	88.7	2,662,120,709	2,757,937,480	3,171,020,733	2,902,213,856
Personal property:						
Primary mobile homes	5,778,968	0.2	5,934,862	6,292,843	6,264,956	5,854,905
Secondary mobile homes	108,106	0.0	113,476	187,944	127,313	100,005
Other business personal	188,765,015	6.4	203,678,035	218,478,278	212,140,224	192,839,884
Total personal property	194,652,089	6.6	209,726,373	224,959,065	218,532,493	198,794,794
Fee in lieu property	90,723,186	3.1	194,568,126	191,659,827	204,055,787	196,137,274
Total locally assessed	2,916,826,835	98.3	3,066,415,208	3,174,556,372	3,593,609,013	3,297,145,924
Total taxable value (TV)	\$ 2,966,596,284	100.0 %	\$ 3,115,569,985	\$ 3,224,790,385	\$ 3,649,514,195	\$ 3,347,370,602
Total taxable value (less fee in lieu)	\$ 2,875,873,098		\$ 2,921,001,859	\$ 3,033,130,558	\$ 3,445,458,408	\$ 3,151,233,328

Source: Property Tax Division, Utah State Tax Commission

**MURRAY CITY SCHOOL DISTRICT
TAX RATES AND COLLECTIONS**

Years Ended June 30, 2012 through 2008 with Anticipated Budget for 2013

	Anticipated Budget		2012		2011		2010		2009		2008	
	Tax Rate	Budget	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General Fund:												
Basic levy	0.001651	\$ 4,632,332	0.001591	\$ 4,632,853	0.001495	\$ 4,339,744	0.001433	\$ 4,439,223	0.001250	\$ 4,520,724	0.001311	\$ 4,480,711
Voted leeway	0.000000	-	0.001815	5,285,121	0.001786	5,184,470	0.001660	5,142,435	0.001512	5,468,267	0.001515	5,177,938
Reading program	0.000000	-	0.000120	349,429	0.000118	342,535	0.000110	340,764	0.000100	361,658	0.000105	358,867
Special transportation	0.000000	-	0.000119	346,518	0.000117	339,632	0.000099	306,687	0.000085	307,409	0.000091	311,018
Tort liability	0.000000	-	0.000018	52,414	0.000471	1,367,237	0.000000	-	0.000000	-	0.000000	-
10% of basic levy	0.000000	-	0.000479	1,394,806	0.000018	52,251	0.000017	52,663	0.000014	50,632	0.000015	51,267
Voted local levy	0.001786	5,011,112	0.000000	-	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Board local levy	0.000892	2,502,750	0.000000	-	0.000000	-	0.000000	-	0.000000	-	0.000000	-
Total general fund	0.004329	12,146,194	0.004142	12,061,141	0.004005	11,625,869	0.003319	10,281,772	0.002961	10,708,690	0.003037	10,379,801
Non K-12 Programs Fund:												
Community recreation	0.000000	-	0.000134	390,196	0.000132	383,175	0.000123	381,036	0.000123	444,839	0.000140	478,489
Debt Service Fund:												
Debt service	0.000841	2,359,656	0.000819	2,384,856	0.000804	2,333,882	0.000732	2,267,628	0.000650	2,350,776	0.000674	2,303,584
Capital Projects Fund:												
Capital outlay	0.000711	1,994,905	0.000506	1,473,428	0.000388	1,126,302	0.000327	1,012,998	0.000709	2,564,155	0.000844	2,884,607
Capital outlay equalized	0.000600	1,549,939	0.000600	1,121,264	0.000600	1,237,693	0.000600	1,900,997	0.000000	-	0.000000	-
10% of basic levy	0.000000	-	0.000000	-	0.000000	-	0.000383	1,186,478	0.000351	1,269,419	0.000394	1,346,606
Total capital projects fund	0.001311	3,544,844	0.001106	2,594,692	0.000988	2,363,995	0.001310	4,100,473	0.001060	3,833,574	0.001238	4,231,213
Total tax rate / collections	0.006481	\$ 18,050,694	0.006201	\$ 17,430,885	0.005929	\$ 16,706,921	0.005484	\$ 17,030,909	0.004794	\$ 17,337,880	0.005089	\$ 17,393,088

Note: Tax rates are levied for the calendar year. This schedule reports collections for fiscal years ended June 30. For example, calendar year 2010 tax rates are for the District's fiscal year ended June 30, 2011. Collections are allocated using current tax rates. Collections will differ from tax revenue reported in the financial statements depending on the basis of accounting and allocation methods used.