

**MURRAY CITY SCHOOL DISTRICT**

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

Year Ended June 30, 2018

# MURRAY CITY SCHOOL DISTRICT

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## **FINANCIAL SECTION**



## Independent Auditor's Report

Board of Education  
Murray City School District

### **Report on the Basic Financial Statements**

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, 2018, and the related notes to the basic financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Basic Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the basic financial statements referred to above 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, 2018, 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 accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matter***

As discussed in Note 12 to the basic financial statements, in 2018, the District adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions on the basic financial statements are not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the District's total OPEB and related ratios, the schedule of changes in the District's retirement liability and related ratios, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, the schedules of District contributions – Utah Retirement Systems, and the related notes to the required supplementary information 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 required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

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 and other information, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The other 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.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2018 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 effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Squire & Company, PC*

Orem, Utah  
November 29, 2018

## 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, 2018.

### Financial Highlights

- The District's total net position was \$65.5 million at the close of the most recent year, the largest portion of which is invested in capital assets.
- During the year, expenses were \$4.0 million less than the \$62.1 million generated in taxes and other revenues for governmental activities.
- Student enrollment decreased by 78 students to a total of 6,416 students for fiscal year 2018. The value of the State's Weighted Pupil Unit (WPU) increased by \$127 or 4.0%. Total state aid increased by \$2.1 million.

### Overview of the Financial Statements

The discussion and analysis provided here are 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 position* presents information on all of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District, with the remainder being reported as net position. Over time, increases or decreases in net position 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 position of the District changed during the most recent fiscal year. All changes in net position 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 of the District are reported as *governmental activities*. The District's basic services are included here, such as instruction, various supporting services, food services, community services, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

The government-wide financial statements include not only the District itself but also the Murray Education Foundation (Foundation), a legally separate entity for which the District is financially accountable. The Foundation functions for all practical purposes as an activity of the District, and therefore has been included as an integral part of the District.

The government-wide financial statements can be found on pages 11 and 12 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 eight 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 five 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* section of 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 13 through 17 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 retirement benefits and post-retirement health care benefits 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 18 through 20 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 21 through 41 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 pension and other postemployment benefits to its employees and retirees. Required supplementary information can be found on pages 42 through 45 of this report.

The combining and individual statements and schedules referred to earlier in connection with governmental funds can be found on pages 46 through 55 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 56 through 61 of this report.

## Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$65.5 million at the close of the most recent fiscal year.

### MURRAY CITY SCHOOL DISTRICT'S Net Position

(in millions of dollars)

June 30, 2018 and 2017

	Governmental activities		Total change
	2018	2017	2018-2017
Current and other assets	\$ 66.7	\$ 65.8	\$ 0.9
Capital assets	95.6	97.8	(2.2)
Total assets	162.3	163.6	(1.3)
Deferred outflows of resources	11.7	9.8	1.9
Current and other liabilities	8.0	8.2	(0.2)
Long-term liabilities outstanding	68.1	76.5	(8.4)
Total liabilities	76.1	84.7	(8.6)
Deferred inflows of resources	32.4	27.2	5.2
Net position:			
Net investment in capital assets	50.9	50.4	0.5
Restricted	16.3	15.9	0.4
Unrestricted	(1.7)	(4.8)	3.1
Total net position	\$ 65.5	\$ 61.5	\$ 4.0

- The largest portion of the District's net position (\$50.9 million) 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.
- An additional portion of the District's net position (\$16.3 million) 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 net position (a deficit of \$1.7 million) is unrestricted. This balance includes the District's proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems. The existence of an unrestricted net position deficit indicates the District's overall economic net position, but it does not necessarily reflect positively or negatively on the District's ability to meet its obligations as they come due.

The District's net position increased by \$4.0 million during the current year. The following discussion and analysis on governmental activities focuses on this increase:

**MURRAY CITY SCHOOL DISTRICT'S Changes in Net Position**

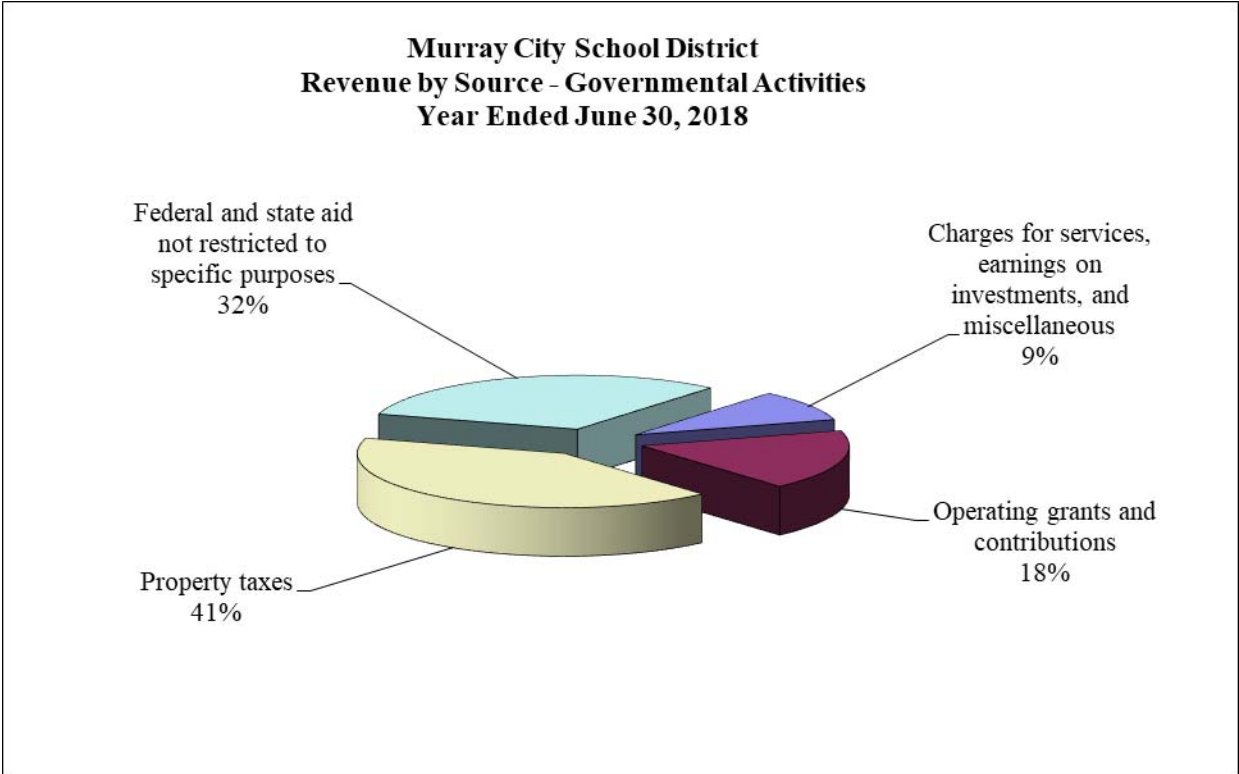
(in millions of dollars)

Years Ended June 30, 2018 and 2017

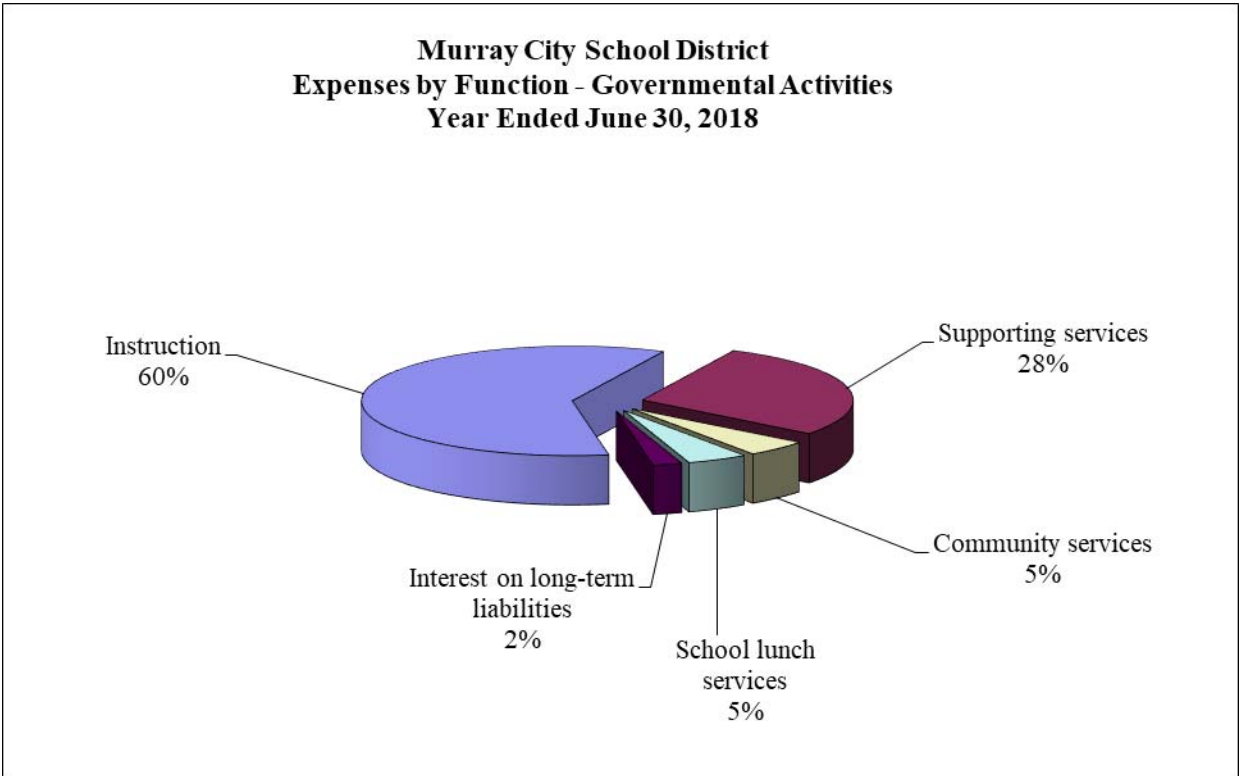
	Governmental activities		Total change
	2018	2017	2018-2017
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 2.9	\$ 3.1	\$ (0.2)
Operating grants and contributions	11.2	10.9	0.3
General revenues:			
Property taxes	25.5	25.0	0.5
Federal and state aid not restricted to specific purposes	19.6	18.9	0.7
Earnings on investments	0.8	0.4	0.4
Miscellaneous	2.1	1.4	0.7
Total revenues	62.1	59.7	2.4
<b>Expenses:</b>			
Instruction	34.8	32.4	2.4
Supporting services:			
Students	2.3	2.2	0.1
Instructional staff	1.7	1.2	0.5
General administration	1.4	1.2	0.2
School administration	3.0	2.9	0.1
Central	2.1	1.9	0.2
Operation and maintenance of facilities	4.8	4.5	0.3
Student transportation	1.2	1.2	-
School lunch services	2.7	2.3	0.4
Community services	2.8	2.5	0.3
Interest on long-term liabilities	1.3	1.4	(0.1)
Total expenses	58.1	53.7	4.4
<b>Change in net position</b>	4.0	6.0	(2.0)
<b>Net position - beginning</b>	61.5	60.0	1.5
Net effect of prior period adjustment	-	(4.5)	4.5
<b>Net position - ending</b>	\$ 65.5	\$ 61.5	\$ 4.0

**Governmental activities** – The key elements of the increase in the District’s net position for the year ended June 30, 2018 are as follows:

- State aid increased by \$2.1 million compared to the prior year. 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 4.0% during the year ended June 30, 2018 (\$3,311 during 2018 as compared to \$3,184 in 2017).



- Instruction represents the largest dollar portion of expenses of \$34.8 million primarily for teacher salaries and related benefits.



## 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 \$34.2 million, \$1.9 million more than the previous year primarily due to an increase in the fund balance of the *capital projects fund* and the *general fund*. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$47.3 million, an increase of 11.3% during the current fiscal year. This compares to a 3.7% increase in 2017. Instruction represents 66.3% of *general fund* expenditures.
- *General fund* salaries totaled \$29.3 million while the associated employee benefits of retirement, social security, and insurance added \$12.4 million to arrive at 88.2% of total *general fund* expenditures. This compares to 89.3% in 2017.

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, 2018, the District's combined governmental fund balance is \$34.2 million (\$0.4 million in nonspendable, \$16.9 million in restricted, \$9.5 million in committed, and \$7.4 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 an increase of \$0.8 million or 1.7% in total *general fund* revenues to account for anticipated increases primarily in revenue from other local sources. Final budgeted expenditures were more than the original budgetary estimates by \$0.8 million or 1.8%. The increase primarily reflects higher expenditures in instruction than anticipated.

Actual expenditures were \$0.4 million less than final budgeted amounts. The most significant positive variances were \$0.3 million in student support services, \$0.1 million in general administration, and \$0.1 million in operation and maintenance of facilities. Revenues were \$1.1 million more than the final budgeted amount primarily due to positive variances in revenue from property taxes. Property tax collection rates exceeded expectations.

### Capital Asset and Debt Administration

**Capital assets** – The District's investment in capital assets for its governmental activities as of June 30, 2018 amounts to \$95.6 million (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, and equipment. The total decrease in capital assets for the current year was \$2.2 million or 2.2% primarily due to depreciation of capital assets. Capital assets at June 30, 2018 and 2017 are outlined below:

**MURRAY CITY SCHOOL DISTRICT'S Capital Assets**

(net of accumulated depreciation, in millions of dollars)

June 30, 2018 and 2017

	Governmental activities		Total
	2018	2017	change 2018-2017
Land	\$ 17.7	\$ 17.7	\$ -
Buildings	76.3	78.5	(2.2)
Equipment	1.6	1.6	-
Total capital assets	<u>\$ 95.6</u>	<u>\$ 97.8</u>	<u>\$ (2.2)</u>

Additional information on the District's capital assets can be found in Note 5 to the basic financial statements.

**Debt administration** – At June 30, 2018, the District had total bonded debt outstanding of \$45.1 million (net of unamortized amounts for bond issuance premiums). Payment is backed by the full faith and credit of the District as well as the State of Utah under provisions of The Guaranty Act. The District's total debt decreased by \$2.8 million. This decrease was a result of principal payments on bonds outstanding.

**MURRAY CITY SCHOOL DISTRICT'S Outstanding Debt**

(net of accumulated amortization, in millions of dollars)

June 30, 2018 and 2017

	Governmental activities		Total
	2018	2017	change 2018-2017
Net general obligation bonds	\$ 39.0	\$ 41.3	\$ (2.3)
Lease revenue bonds payable	6.1	6.6	(0.5)
Total outstanding debt	<u>\$ 45.1</u>	<u>\$ 47.9</u>	<u>\$ (2.8)</u>

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, 2018 is \$212.4 million. Net general obligation debt at June 30, 2018 is \$39.0 million, resulting in a legal debt margin of \$173.4 million.

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 2033.

Additional information on the District's long-term debt can be found in Note 8 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, 5102 South Commerce Drive, Murray, UT 84107.

## **Basic Financial Statements**

**MURRAY CITY SCHOOL DISTRICT**  
**Statement of Net Position**  
June 30, 2018

	<b>Governmental Activities</b>
<b>Assets:</b>	
Cash and investments	\$ 41,263,145
Receivables:	
Property taxes	23,451,522
Other local	623,351
State of Utah	498,838
Federal government	631,680
Inventories	378,084
Capital assets:	
Land	17,741,806
Buildings and equipment, net of accumulated depreciation	77,830,054
Total assets	162,418,480
<b>Deferred outflows of resources:</b>	
Deferred charge on refunding	369,716
Related to pensions	11,313,986
Total deferred outflows of resources	11,683,702
<b>Liabilities:</b>	
Accounts payable	857,360
Accrued interest	547,840
Accrued salaries and benefits	5,065,419
Unearned revenue:	
Other local	101,873
State of Utah	1,391,861
Federal government	57,446
Noncurrent liabilities:	
Due and payable within one year	3,309,979
Due and payable after one year	64,814,577
Total liabilities	76,146,355
<b>Deferred inflows of resources:</b>	
Property taxes levied for future year	23,160,133
Related to pensions	9,255,545
Total deferred inflows of resources	32,415,678
<b>Net position:</b>	
Net investment in capital assets	50,864,831
Restricted for:	
Debt service	2,679,313
Capital projects	13,034,513
School lunch services	707,834
Unrestricted	(1,746,342)
Total net position	\$ 65,540,149

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



**MURRAY CITY SCHOOL DISTRICT**

**Statement of Activities**

Year Ended June 30, 2018

<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 Position</u>
				<u>Total</u>
				<u>Governmental</u>
				<u>Activities</u>
<b>Governmental activities:</b>				
Instruction	\$ 34,816,927	\$ 1,702,924	\$ 7,884,638	\$ (25,229,365)
Supporting services:				
Students	2,274,248	-	515,398	(1,758,850)
Instructional staff	1,684,478	-	316,312	(1,368,166)
General administration	1,392,676	-	270,991	(1,121,685)
School administration	2,983,957	-	1,723	(2,982,234)
Central	2,118,725	-	7,075	(2,111,650)
Operation and maintenance of facilities	4,831,161	15,219	15,107	(4,800,835)
Student transportation	1,222,761	4,212	369,080	(849,469)
School lunch services	2,696,988	715,415	1,723,520	(258,053)
Community services	2,756,698	441,896	140,134	(2,174,668)
Interest on long-term liabilities	1,331,182	-	-	(1,331,182)
Total school district	<u>\$ 58,109,801</u>	<u>\$ 2,879,666</u>	<u>\$ 11,243,978</u>	<u>(43,986,157)</u>
<b>General revenues:</b>				
Property taxes levied for:				
Basic				6,085,729
Voted local				6,931,831
Board local				3,850,155
Debt service				3,916,135
Capital local				3,007,934
Pass-through taxes				<u>1,746,911</u>
Total property taxes				25,538,695
Federal and state aid not restricted to specific purposes				19,574,638
Earnings on investments				784,501
Miscellaneous				<u>2,148,358</u>
Total general revenues				<u>48,046,192</u>
Change in net position				4,060,035
<b>Net position - beginning, as restated</b>				<u>61,480,114</u>
<b>Net position - ending</b>				<u>\$ 65,540,149</u>

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

**MURRAY CITY SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2018

	<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>		
<b>Assets:</b>					
Cash and investments	\$ 20,130,989	\$ 3,188,881	\$ 13,064,025	\$ 3,108,484	\$ 39,492,379
Receivables:					
Property taxes	15,916,142	3,373,753	2,401,989	1,759,638	23,451,522
Other local	595,904	-	-	27,447	623,351
State of Utah	397,266	-	-	101,572	498,838
Federal government	613,976	-	-	17,704	631,680
Inventories	378,084	-	-	-	378,084
Total assets	<u>\$ 38,032,361</u>	<u>\$ 6,562,634</u>	<u>\$ 15,466,014</u>	<u>\$ 5,014,845</u>	<u>\$ 65,075,854</u>
<b>Liabilities:</b>					
Accounts payable	\$ 523,422	\$ -	\$ 55,079	\$ 16,926	\$ 595,427
Accrued salaries and benefits	5,024,213	-	-	41,206	5,065,419
Unearned revenue:					
Other local	30,236	-	-	71,637	101,873
State of Utah	1,381,972	-	-	9,889	1,391,861
Federal government	1,660	-	-	55,786	57,446
Total liabilities	<u>6,961,503</u>	<u>-</u>	<u>55,079</u>	<u>195,444</u>	<u>7,212,026</u>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	319,154	67,598	48,093	34,713	469,558
Property taxes levied for future year	15,723,305	3,335,481	2,376,422	1,724,925	23,160,133
Total deferred inflows of resources	<u>16,042,459</u>	<u>3,403,079</u>	<u>2,424,515</u>	<u>1,759,638</u>	<u>23,629,691</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories	378,084	-	-	-	378,084
Restricted for:					
Debt service	-	3,159,555	-	-	3,159,555
Capital projects	-	-	12,986,420	-	12,986,420
School lunch services	-	-	-	707,834	707,834
Committed to:					
Economic stabilization	2,000,000	-	-	-	2,000,000
Employee and retiree benefits	5,238,358	-	-	-	5,238,358
Community recreation	-	-	-	174,107	174,107
Foundation programs	-	-	-	1,112,475	1,112,475
Student activities	-	-	-	1,065,347	1,065,347
Unassigned	7,411,957	-	-	-	7,411,957
Total fund balances	<u>15,028,399</u>	<u>3,159,555</u>	<u>12,986,420</u>	<u>3,059,763</u>	<u>34,234,137</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,032,361</u>	<u>\$ 6,562,634</u>	<u>\$ 15,466,014</u>	<u>\$ 5,014,845</u>	<u>\$ 65,075,854</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 Position**  
June 30, 2018

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

**Total fund balances for governmental funds** \$ 34,234,137

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

Land	\$ 17,741,806	
Buildings, net of \$26,460,695 accumulated depreciation	76,227,108	
Equipment, net of \$3,588,272 accumulated depreciation	<u>1,602,946</u>	95,571,860

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 inflows of resources in the funds.

Unavailable property tax revenue	469,558	
Accounts payable	<u>(34,713)</u>	434,845

Long-term liabilities that pertain to governmental funds, including 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 position. Balances at year-end are:

General obligation bonds payable	(36,415,000)	
Unamortized bond issuance premiums	(2,538,745)	
Unamortized deferred amounts on refunding	369,716	
Lease revenue bonds payable	(6,123,000)	
Accrued interest	(547,840)	
Compensated absences payable	(143,141)	
Net pension liability	(18,124,757)	
Deferred outflows of resources related to pensions	11,313,986	
Deferred inflows of resources related to pensions	(9,255,545)	
Early retirement benefits payable	<u>(731,339)</u>	(62,195,665)

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 position. Internal service fund net position at year end is:

(2,505,028)

**Total net position of governmental activities**

\$ 65,540,149

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, 2018

	<b>Major Funds</b>			<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>		
<b>Revenues:</b>					
Local sources:					
Property taxes	\$ 17,406,190	\$ 3,458,377	\$ 2,949,720	\$ 1,746,911	\$ 25,561,198
Earnings on investments	381,216	68,942	263,751	37,791	751,700
School lunch sales	-	-	-	682,712	682,712
Other local sources	2,276,380	-	-	2,068,932	4,345,312
State sources	26,389,450	-	17,802	697,622	27,104,874
Federal sources	2,271,073	-	-	1,442,669	3,713,742
Total revenues	<u>48,724,309</u>	<u>3,527,319</u>	<u>3,231,273</u>	<u>6,676,637</u>	<u>62,159,538</u>
<b>Expenditures:</b>					
Current:					
Instruction	31,364,190	-	603,228	2,072,041	34,039,459
Supporting services:					
Students	2,327,366	-	4,148	-	2,331,514
Instructional staff	1,712,958	-	6,302	-	1,719,260
General administration	1,190,590	-	-	-	1,190,590
School administration	2,972,159	-	-	-	2,972,159
Central	1,576,507	-	543,583	-	2,120,090
Operation and maintenance of facilities	4,185,158	-	463,245	1,718	4,650,121
Student transportation	963,357	-	132,740	-	1,096,097
School lunch services	-	-	-	2,591,777	2,591,777
Community services	661,980	-	-	2,112,766	2,774,746
Capital outlay	370,111	-	305,439	-	675,550
Debt service:					
Principal retirement	-	2,155,000	441,000	-	2,596,000
Interest and other charges	-	1,361,749	141,923	-	1,503,672
Bond issuance cost	-	-	2,100	-	2,100
Total expenditures	<u>47,324,376</u>	<u>3,516,749</u>	<u>2,643,708</u>	<u>6,778,302</u>	<u>60,263,135</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	1,399,933	10,570	587,565	(101,665)	1,896,403
<b>Fund balances - beginning</b>	<u>13,628,466</u>	<u>3,148,985</u>	<u>12,398,855</u>	<u>3,161,428</u>	<u>32,337,734</u>
<b>Fund balances - ending</b>	<u>\$ 15,028,399</u>	<u>\$ 3,159,555</u>	<u>\$ 12,986,420</u>	<u>\$ 3,059,763</u>	<u>\$ 34,234,137</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, 2018

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

**Net change in fund balances-total governmental funds** \$ 1,896,403

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. The net effect of transactions involving capital assets increased net position in the current period.

Capital outlays	\$ 395,684	
Loss on disposal of capital assets	(24,840)	
Depreciation expense	<u>(2,594,543)</u>	(2,223,699)

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

Repayment of bond principal	2,596,000	
Interest expense - general obligation bonds	36,788	
Amortization of bond premium	173,097	
Amortization of deferred amounts on refunding	<u>(37,395)</u>	2,768,490

Property tax revenue is recognized when levied (when claim to resources is established) rather than when available. The portion not available soon enough to pay for the current periods expenditures is recognized as a deferred inflow of resources in the funds. (22,503)

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds; long-term employee benefit obligations are reported as expenditures in the governmental funds when paid.

Compensated absences	12,733	
Early retirement benefits	338,588	
Pension expense	<u>1,030,231</u>	1,381,552

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 position of the internal service fund is reported with governmental activities. 259,792

**Change in net position of governmental activities** \$ 4,060,035

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 16,267,457	\$ 16,542,819	\$ 17,406,190	\$ 863,371
Earnings on investments	53,089	222,397	381,216	158,819
Other local sources	1,655,497	2,294,322	2,276,380	(17,942)
State sources	26,606,741	26,047,856	26,389,450	341,594
Federal sources	2,187,949	2,476,219	2,271,073	(205,146)
Total revenues	<u>46,770,733</u>	<u>47,583,613</u>	<u>48,724,309</u>	<u>1,140,696</u>
<b>Expenditures:</b>				
Current:				
Instruction	30,334,864	31,253,277	31,364,190	(110,913)
Supporting services:				
Student	2,655,872	2,599,962	2,327,366	272,596
Instructional staff	1,735,905	1,646,082	1,712,958	(66,876)
General administration	1,248,174	1,322,249	1,190,590	131,659
School administration	3,101,126	2,960,990	2,972,159	(11,169)
Central	1,661,523	1,639,636	1,576,507	63,129
Operation and maintenance of facilities	4,374,506	4,322,560	4,185,158	137,402
Student transportation	876,146	950,313	963,357	(13,044)
Community services	584,265	633,888	661,980	(28,092)
Capital outlay	315,626	400,626	370,111	30,515
Total expenditures	<u>46,888,007</u>	<u>47,729,583</u>	<u>47,324,376</u>	<u>405,207</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(117,274)	(145,970)	1,399,933	1,545,903
<b>Fund balances - beginning</b>	<u>13,628,466</u>	<u>13,628,466</u>	<u>13,628,466</u>	<u>-</u>
<b>Fund balances - ending</b>	<u>\$ 13,511,192</u>	<u>\$ 13,482,496</u>	<u>\$ 15,028,399</u>	<u>\$ 1,545,903</u>

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

**MURRAY CITY SCHOOL DISTRICT**  
**Statement of Fund Net Position**  
**Proprietary Fund**  
June 30, 2018

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	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Assets:</b>	
Cash and investments	\$ 1,770,766
Total assets	<u>1,770,766</u>
<b>Liabilities:</b>	
District retirement benefit	227,220
OPEB liability	<u>4,048,574</u>
Total liabilities	<u>4,275,794</u>
<b>Net position, unrestricted</b>	<u><u>\$ (2,505,028)</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 Position**  
**Proprietary Fund**  
Year Ended June 30, 2018

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	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Revenues:</b>	
Charges for services	<u>\$ 395,733</u>
<b>Expenses:</b>	
Supporting services:	
Interest on OPEB liability	158,406
Administrative costs	<u>10,336</u>
Total expenses	<u>168,742</u>
Operating income	226,991
<b>Nonoperating revenue:</b>	
Earnings on investments	<u>32,801</u>
Change in net position	259,792
<b>Net position - beginning, as restated</b>	<u>(2,764,820)</u>
<b>Net position - ending</b>	<u><u>\$ (2,505,028)</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, 2018

	<u><b>Governmental Activities - Internal Service Fund</b></u>
<b>Cash flows from operating activities:</b>	
Insurance premiums received from users	\$ 395,733
Cash paid to retirees	<u>(500,178)</u>
Net cash used by operating activities	<u>(104,445)</u>
<b>Cash flows from investing activities:</b>	
Interest received on investments	<u>32,801</u>
Change in cash and cash equivalents	(71,644)
<b>Cash and cash equivalents - beginning</b>	<u>1,842,410</u>
<b>Cash and cash equivalents - ending</b>	<u><u>\$ 1,770,766</u></u>
Displayed on statement of fund net position as cash and investments	<u><u>\$ 1,770,766</u></u>
<b>A reconciliation of operating income to net cash provided by operating activities:</b>	
Operating income	\$ 226,991
Decrease in district retirement benefit	(71,644)
Interest on total OPEB liability	158,406
Decrease in total OPEB liability	<u>(418,198)</u>
Net cash used by operating activities	<u><u>\$ (104,445)</u></u>

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

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**

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**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 activities of the District and its component units, the Murray Education Foundation (the Foundation) and the Municipal Building Authority of the Murray City School District (the Building Authority), for which the District is financially accountable. The District is not a component unit of any other primary government. Although legally separate entities, blended component units are, in substance, part of the District’s operations.

- The Foundation 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 Foundation is presented as a special revenue fund of the District.
- The Building Authority has the same board as the District and provides financing services exclusively to the District. The District has committed resources to service debt obligations of the Building Authority. The Building Authority is reported with the governmental funds of the District.

**Government-wide and fund financial statements** – The *government-wide financial statements* (the statement of net position 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.

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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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 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 8) and post-retirement health care benefits for eligible employees retiring on or after June 30, 1988 (see Note 9).

**Measurement focus, basis of accounting, and financial statement presentation** – The *government-wide financial statements* and proprietary fund financial statements are reported using the economic resources measurement focus and 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. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, early retirement, 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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility

## MURRAY CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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requirements have been met. All other revenue items are considered measurable and available only when cash is received by the District.

**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, 2018, 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.

**MURRAY CITY SCHOOL DISTRICT**

**Notes to Basic Financial Statements**

*Continued*

**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, 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:

<u>Assets</u>	<u>Years</u>
Buildings, portable classrooms, and remodels	15 to 50
Furniture and fixtures	10
Equipment	5 to 10
Vehicles and buses	7 to 10

**Unearned revenue** – Unearned revenue for the District represents amounts received on grants whose purpose restrictions have not been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

**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.

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

**Other post-employment benefits (OPEB)** – For purposes of measuring the total OPEB obligation, OPEB expense, and related deferred inflows/outflows of resources, the District recognizes benefit payments when due and payable in accordance with benefit terms. The total OPEB obligation is actuarially determined.

**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 position. Bond premiums and discounts, as well as 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.

## MURRAY CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

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

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

**Net position/fund balances** – The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

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 prepaid items and 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 unspent tax revenue for specific purposes (debt service and capital projects) and amounts in other governmental funds (*school lunch fund*).
- **Committed** – This category includes amounts that can only be used for specific purposes established by formal action of the District's highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

## MURRAY CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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- 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” and the use of this reserve requires a written resolution adopted by a majority vote of the Board of Education filed with the Utah State Board of Education and the Utah State Auditor.
  - 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 for community recreation programs.
  - 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.
  - e) The District has committed other governmental fund resources to support District student activities at schools including athletics, textbooks, field trips, music programs, book fairs, and school plays.
- Unassigned – Residual balances in the *general fund* are classified as unassigned.

**Net position/fund balance flow assumption** – Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

- Net position – It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position.
- Fund balance – It is the District’s policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

## 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, U.S. Treasury obligations, U.S. 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 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

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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 and government bonds through a broker. The Foundation has deposits separate from the District and invests private funds through a broker.

The PTIF is an external local 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 held by the Utah State Treasurer. The portfolio has a weighted average maturity of 90 days or less. The PTIF is not rated. The fair value of the position in the pool is the same as the value of the pool shares.

A reconciliation of cash and investments at June 30, 2018, as shown on the financial statements, is as follows:

Carrying amount of deposits	\$ 2,060,365
Carrying amount of investments	<u>39,202,780</u>
Total deposits and investments	<u><u>\$ 41,263,145</u></u>
Cash and investments - governmental funds, balance sheet	\$ 39,492,379
Cash and investments - internal service funds, statement of fund net position	<u>1,770,766</u>
Total cash and investments	<u><u>\$ 41,263,145</u></u>

**Deposits** – At June 30, 2018, the District and Foundation have the following deposits with financial institutions:

	Carrying Amount	Bank Balance	Amount Insured
Murray City School District	\$ 2,037,666	\$ 2,418,628	\$ 250,000
Murray Education Foundation	<u>22,699</u>	<u>30,989</u>	<u>250,000</u>
	<u><u>\$ 2,060,365</u></u>	<u><u>\$ 2,449,617</u></u>	<u><u>\$ 500,000</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, 2018, the District’s bank deposits were uncollateralized nor is it required by law.

**Investments** – At June 30, 2018, the District and Foundation have the following investments summarized by investment type and maturities:



**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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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)	\$ 33,775,699	\$ 33,775,699	\$ -	\$ -	\$ -
Corporate bonds	4,337,305	-	-	-	4,337,305
Murray Education Foundation:					
Utah Public Treasurers'					
Investment Fund (PTIF)	172,085	172,085	-	-	-
U.S. Treasury securities	17,691	-	-	-	17,691
Money market funds	529,464	529,464	-	-	-
Stocks, options, and ETFs	340,713	340,713	-	-	-
Corporate bonds	4,933	-	-	-	4,933
Mutual funds	12,329	12,329	-	-	-
Preferred/fixed rate capital securities	12,561	-	5,905	2,826	3,830
Total investments	<u>\$ 39,202,780</u>	<u>\$ 34,830,290</u>	<u>\$ 5,905</u>	<u>\$ 2,826</u>	<u>\$ 4,363,759</u>

- 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, 2018, 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.

## MURRAY CITY SCHOOL DISTRICT

### Notes to Basic Financial Statements

*Continued*

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- 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. FAIR VALUE MEASUREMENT

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District has the following recurring fair value measurements as of June 30, 2018:

- Corporate bonds of \$4,337,305 are valued using a matrix pricing model (Level 2 inputs).
- Utah Public Treasurers' Investment Fund position of \$33,775,699, the unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held (Level 2 inputs).

The Foundation has the following recurring fair value measurements as of June 30, 2018:

- Money market funds of \$529,464 are valued using quoted market prices (Level 1 inputs).
- Stocks, options, and ETFs of \$340,713 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$4,933 are valued using a matrix pricing model (Level 2 inputs).
- Mutual funds of \$12,329 are valued using quoted market prices (Level 1 inputs).
- Preferred/fixed rate capital securities of \$12,561 are valued using quoted market prices (Level 1 inputs).
- U.S. Treasury securities of \$17,691 are valued using quoted market prices (Level 1 inputs).
- Utah Public Treasurers' Investment Fund position of \$172,085, the unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held (Level 2 inputs).

### 4. PROPERTY TAXES

**District property tax revenue** – 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

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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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.

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, 2018, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2018 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.

**Pass-through taxes** – In addition to property taxes the District levies for its own purposes, the District levies property taxes for redevelopment agencies (located within the boundaries of the District) in accordance with the Community Development and Renewal Agencies Act (Utah Code 17C-1). These taxes are forwarded directly by the county to the redevelopment agencies as these taxes are collected by the county.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the redevelopment agencies for the duration of the projects.

During the year ended June 30, 2018, incremental taxes levied by the District for the redevelopment agencies totaling \$1,537,367 were recorded as revenue with an equivalent amount of expenditure for community services in the other governmental funds (in the *pass-through taxes fund*).

Per *Utah Code 53F-2-703*, a portion of the District’s board local levy is paid to the statewide charter school levy account. The portion is based on the number of charter school students residing within the District’s boundaries. In 2018, the amount collected by the County and paid directly to the State was \$209,544; this amount was reported in the District’s *pass-through taxes fund*.

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**5. CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2018 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets not being depreciated				
Land	\$ 17,741,806	\$ -	\$ -	\$ 17,741,806
Construction in progress	<u>-</u>	<u>37,565</u>	<u>(37,565)</u>	<u>-</u>
Total capital assets, not being depreciated	17,741,806	37,565	(37,565)	17,741,806
Capital assets, being depreciated:				
Buildings	102,650,238	37,565	-	102,687,803
Equipment	<u>5,169,393</u>	<u>358,119</u>	<u>(336,294)</u>	<u>5,191,218</u>
Total capital assets, being depreciated	107,819,631	395,684	(336,294)	107,879,021
Accumulated depreciation for:				
Buildings	(24,194,806)	(2,265,889)	-	(26,460,695)
Equipment	<u>(3,571,072)</u>	<u>(328,654)</u>	<u>311,454</u>	<u>(3,588,272)</u>
Total accumulated depreciation	<u>(27,765,878)</u>	<u>(2,594,543)</u>	<u>311,454</u>	<u>(30,048,967)</u>
Total capital assets being depreciated, net	<u>80,053,753</u>	<u>(2,198,859)</u>	<u>(24,840)</u>	<u>77,830,054</u>
Governmental activities capital assets, net	<u>\$ 97,795,559</u>	<u>\$ (2,161,294)</u>	<u>\$ (62,405)</u>	<u>\$ 95,571,860</u>

For the year ended June 30, 2018, depreciation expense was charged to functions of the District as follows:

<b>Governmental activities:</b>	
Instruction	\$ 1,762,397
Supporting services:	
District administration	222,686
School administration	82,765
Central	32,767
Operation and maintenance of facilities	224,303
Student transportation	141,264
School lunch services	<u>128,361</u>
Total depreciation expense, governmental activities	<u>\$ 2,594,543</u>

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

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**6. STATE RETIREMENT PLANS**

**Description of plans** – Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Public Employees Contributory Retirement System* (Tier 1 Contributory System)
- *Tier 2 Hybrid Public Employees Contributory Retirement System* (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- *401(k) Plan* (includes the *Tier 2 Defined Contribution Plan*)
- *457 Plan and other individual plans*

District employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at [www.urs.org](http://www.urs.org).

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

**Benefits provided** – The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits are determined from 1.25% to 2.00% of the employee's highest 3 or 5 years of compensation times the employee's years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan's administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

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

For the year ended June 30, 2018, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				Totals
	District	Amortization	Paid by	District Rates	
	Contribution	of UAAL *	District for Employee	for 401(k) Plan	
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	5.00%	-	22.70%
Tier 2 Contributory System **	8.50%	9.94%	-	1.58%	20.02%
Tier 2 Defined Contribution Plan **	0.08%	9.94%	-	10.00%	20.02%

\* The District is required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

\*\* District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

Employees can make additional contributions to defined contribution plans, up to applicable plan and Internal Revenue Code limits.

For the year ended June 30, 2018, District and employee contributions to the plans were as follows:

	District Contributions	Employee Contributions
Tier 1 Noncontributory System	\$ 4,681,251	\$ -
Tier 1 Contributory System	10,377	576
Tier 2 Contributory System *	1,068,113	-
Tier 2 Defined Contribution Plan	155,039	-
401(k) Plan	611,607	783,554

\* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions** – June 30, 2018, the District reported an asset of zero and a liability of \$18,124,757 for its proportionate share of the net pension liability (asset) for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 18,065,855
Tier 1 Contributory System	-	15,347
Tier 2 Contributory System	-	43,555
Total	\$ -	\$ 18,124,757

The net pension liability (asset) was measured as of December 31, 2017, and the total pension liability was determined by an actuarial valuation as of January 1, 2017, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2017 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2017	Change
Tier 1 Noncontributory System	0.7387803%	(0.0224271)%
Tier 1 Contributory System	0.2332231%	0.0490605%
Tier 2 Contributory System	0.4940096%	0.0585978%

For the year ended June 30, 2018, the District recognized pension expense of \$4,857,188 for the defined benefit pension plans and pension expense of \$611,607 for the defined contribution plans. June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,631	\$ 1,087,264
Changes of assumptions	4,620,118	141,718
Net difference between projected and actual earnings on pension plan investments	3,020,802	7,647,888
Changes in proportion and differences between contributions and proportionate share of contributions	530,472	378,675
District contributions subsequent to the measurement date	3,140,963	-
Total	\$ 11,313,986	\$ 9,255,545

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

The \$3,140,963 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2017 will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2019	\$ 511,994
2020	970,204
2021	(942,305)
2022	(1,662,221)
2023	(9,243)
Thereafter	49,049

**Actuarial assumptions** – The total pension liability in the January 1, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	3.25% to 9.75%, average, including inflation
Investment rate of return	6.95%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the January 1, 2017 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include a decrease in the earnings assumptions from 7.20% to 6.95%, a decrease in the inflation assumption from 2.60% to 2.50%, and increases in life expectancy for most groups based on a new post retirement mortality table using actual experience. Additional changes of assumptions include a decrease to the wage inflation assumption from 3.35% to 3.25% and a decrease to the payroll growth assumption from 3.1% to 3.0%.

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



**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

Asset Class	Expected Return Arithmetic Basis		
	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	40%	6.15%	2.46%
Debt securities	20%	0.40%	0.08%
Real assets	15%	5.75%	0.86%
Private equity	9%	9.95%	0.90%
Absolute return	16%	2.85%	0.46%
Cash and cash equivalents	0%	0.00%	0.00%
Total	100%		4.75%
Inflation			2.50%
Expected arithmetic nominal return			7.25%

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

**Discount rate** – The discount rate used to measure the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate was reduced to 6.95% from 7.20% from the prior measurement date.

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

	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 39,445,402	\$ 18,065,855	\$ 196,854
Tier 1 Contributory System	202,256	15,347	(143,779)
Tier 2 Contributory System	512,845	43,555	(318,334)
Total	\$ 40,160,503	\$ 18,124,757	\$ (265,259)

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
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**Pension plan fiduciary net position** – Detailed information about the pension plan’s fiduciary net position is available in the separately issued URS financial report.

**Payables to the pension plans** – At June 30, 2018, the District reported payables of \$1,061,438 for contributions to defined benefit pension plans.

**7. 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 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.

**8. LONG-TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Governmental activities:</b>					
General obligation bonds payable	\$ 38,570,000	\$ -	\$ (2,155,000)	\$ 36,415,000	\$ 2,240,000
Bond premium	2,711,842	-	(173,097)	2,538,745	-
Net general obligation bonds payable	41,281,842	-	(2,328,097)	38,953,745	2,240,000
Lease revenue bonds payable	6,564,000	-	(441,000)	6,123,000	448,000
Compensated absences payable	155,874	178,446	(191,199)	143,121	143,121
Early retirement benefits payable	1,069,927	289,164	(627,752)	731,339	478,838
OPEB liability	4,308,366	158,406	(418,198)	4,048,574	-
Net pension liability	23,142,771	869,405	(5,887,419)	18,124,757	-
Total governmental activity long-term liabilities	<u>\$ 76,522,780</u>	<u>\$ 1,495,421</u>	<u>\$ (9,893,665)</u>	<u>\$ 68,124,536</u>	<u>\$ 3,309,959</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. The District will make annual payments on the lease revenue

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

bonds to the Building Authority from the *capital projects fund*. Compensated absences and early retirement benefits will be paid primarily from the *general fund*.

**General obligation bonds** – In November 2012, the District issued \$41,025,000 of general obligation refunding bonds. The bonds were issued with interest rates from 2.0% to 5.0% and will mature on February 1, 2033.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2018, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 2,240,000	\$ 1,274,250	\$ 3,514,250
2020	2,350,000	1,162,250	3,512,250
2021	2,470,000	1,044,750	3,514,750
2022	2,030,000	921,250	2,951,250
2023	2,130,000	819,750	2,949,750
2024-2028	11,665,000	3,100,050	14,765,050
2029-2033	13,530,000	1,241,700	14,771,700
Total	<u>\$ 36,415,000</u>	<u>\$ 9,564,000</u>	<u>\$ 45,979,000</u>

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, 2018 is about \$212.4 million. Net general obligation debt at June 30, 2018 is \$39.0 million, resulting in a legal debt margin of about \$173.4 million.

**Lease revenue bonds** – In December 2014, the Building Authority of Murray City School District issued \$7,000,000 of lease revenue bonds. The bonds were issued at an effective interest rate of 2.1% and will mature on May 15, 2030.

The annual requirements to amortize all lease revenue bonds outstanding as of June 30, 2018, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
2019	\$ 448,000	\$ 135,218	\$ 583,218
2020	456,000	126,797	582,797
2021	466,000	117,039	583,039
2022	478,000	105,369	583,369
2023	491,000	92,196	583,196
2024-2028	2,650,000	264,499	2,914,499
2029-2030	1,134,000	32,072	1,166,072
Total	<u>\$ 6,123,000</u>	<u>\$ 873,190</u>	<u>\$ 6,996,190</u>

**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

**MURRAY CITY SCHOOL DISTRICT**

**Notes to Basic Financial Statements**

*Continued*

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 \$627,752 in direct payments to retirees under this option for the year ended June 30, 2018.

**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 9). The present value of amounts payable for benefits in future periods as of June 30, 2018 is estimated at \$227,220; 11 employees are eligible to receive these benefits. Amounts paid annually have approximated the average annual cost of the benefit. Amounts payable at June 30, 2018 totaled \$227,220. The District retirement benefit is serviced by the *lifetime insurance internal service fund*.

**9. OTHER POSTEMPLOYMENT BENEFITS**

**Plan description** – The District provides other post-employment benefits (OPEB) to eligible retirees and their spouses. 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.

**Benefits provided** – The Plan provides a lifetime 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 spouses through a health insurance plan offered through Educators Mutual. The District pays the full premium for retirees.

**Employees covered by benefit terms** – At July 1, 2018, the date of the latest actuarial valuation, 92 retirees and 51 spouses were covered by the benefit terms. The Plan is closed to new entrants.

**Actuarial methods and assumptions** – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.30%
Discount rate	3.87%
Healthcare cost trend rates	6.1% for 2018, decreasing per year to an ultimate rate of 4.5% for 2091 and later years

The discount rate was based on a yield or index rate for 20-year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on SOA RP-2014 White Collar Mortality with Scale MP-2017.

The medical cost trend used in the valuation was derived from the "Getzen Model" published by the Society of Actuaries for developing long term medical cost trends. A Federal excise tax will apply for high cost health plans beginning in 2022. A margin to reflect the impact of the excise tax in future years is reflected in the assumed trend. The development of the trend rates was based on the assumed general inflation of 2.30% per year.

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Basic Financial Statements**  
*Continued*

**Changes in the total OPEB liability** – The following presents the OPEB liability activity for the year ended June 30, 2018:

	Total OPEB Obligation
Balance at June 30, 2017	\$ 4,308,366
Changes for the year:	
Interest	158,406
Benefit payments	(418,198)
Net changes	(259,792)
Balance at June 30, 2018	\$ 4,048,574

**Sensitivity to the net OPEB liability to changes in the discount rate** – The following presents the total OPEB liability of the District, calculated using the discount rate of 3.87%, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.87%) or 1 percentage point higher (4.87%) than the current rate.

	1% Decrease (2.87%)	Discount Rate (3.87%)	1% Increase (4.87%)
Total OPEB obligation	\$ 4,407,683	\$ 4,048,574	\$ 3,737,239

**Sensitivity to the net OPEB liability to changes in the healthcare cost trend rates** – The following presents the total OPEB liability of the District, calculated using the current healthcare cost trend rate of 6.1% decreasing to 4.5% as well as what the District's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower (5.1% decreasing to 3.5%) or 1 percentage point higher (7.1% decreasing to 5.5%) than the current trend rate.

	1% Decrease (5.1% decreasing to 3.5%)	Healthcare Cost Trend Rates (6.1% decreasing to 4.5%)	1% Increase (7.1% decreasing to 5.5%)
Total OPEB obligation	\$ 3,756,672	\$ 4,048,574	\$ 4,378,128

**OPEB expense and deferred outflows and inflows of resources related to OPEB** – For the year ended June 30, 2018, the District recognized OPEB expense of \$158,406. At June 30, 2018, the District reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

**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.

**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. RESTATEMENT**

In 2018, the District adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

The new standard requires the District to recognize a liability in its government-wide financial statements for the total liabilities related to the District’s OPEB plan. The District is required to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to the OPEB plan.

The governmental fund financial statements of the District are not affected by the new standard. Plan expenditures in the governmental funds continue to be recognized equal to the total of 1) amounts paid by the District to the plans and 2) the change between the beginning and ending balances of amounts of contributions currently payable to the plans.

The beginning net position reported in the government-wide financial statements and the *internal service fund* of the District have been restated to reflect the new standard as follows:

	Governmental Activities	
	Internal Service Fund	Primary Government
Beginning net position, as previously stated	\$ 1,788,736	\$ 66,033,670
Restatements:		
Net OPEB asset	(245,190)	(245,190)
Total OPEB liability	(4,308,366)	(4,308,366)
Beginning net position, as restated	\$ (2,764,820)	\$ 61,480,114

The notes to the basic financial statements now include additional information about the OPEB plan. Also, the District will be presenting in required supplementary information 10-year schedules containing changes in the net OPEB obligation for each year presented and related ratios, OPEB contributions, and investment returns. Because this is the first year such information is available, only one year of required supplementary information is presented with these financial statements; information for additional years will be presented in future years as it becomes available.

**Required Supplementary Information**

**MURRAY CITY SCHOOL DISTRICT**  
**Schedule of Changes in the District's Total OPEB Obligation and Related Ratios**  
Last Plan Fiscal Year

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	<b>2018</b>
Total OPEB obligation:	
Service cost	\$ -
Interest	158,406
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes of assumptions and other inputs	-
Benefit payments	(418,198)
Net change in total OPEB obligation	(259,792)
Total OPEB obligation - beginning	4,308,366
Total OPEB obligation - ending	\$ 4,048,574
 Covered payroll	 N/A
 Total OPEB obligation as a percentage of covered payroll	 N/A

These schedules are intended to present information for ten years; prior-year information is not available. Additional information will be displayed as it becomes available.



**MURRAY SCHOOL DISTRICT**  
**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)**  
**Utah Retirement Systems**  
Last Four Plan (Calendar) Years

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b>Tier 1 Noncontributory System:</b>				
District's proportion of the net pension liability (asset)	0.7387803%	0.7094686%	0.7318957%	0.7362124%
District's proportionate share of the net pension liability (asset)	\$ 18,065,854	\$ 22,993,288	\$ 22,990,940	\$ 18,497,548
District's covered payroll	\$ 19,903,567	\$ 19,632,211	\$ 20,483,417	\$ 21,075,854
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	90.8%	117.1%	112.2%	87.8%
Plan fiduciary net position as a percentage of the total pension liability	89.2%	84.9%	84.5%	87.2%
<b>Tier 1 Contributory System:</b>				
District's proportion of the net pension liability (asset)	0.2332231%	0.1841626%	0.1538696%	0.1306940%
District's proportionate share of the net pension liability (asset)	\$ 15,347	\$ 100,913	\$ 96,423	\$ 14,330
District's covered payroll	\$ 53,065	\$ 49,369	\$ 48,743	\$ 47,918
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	28.9%	204.4%	197.8%	29.9%
Plan fiduciary net position as a percentage of the total pension liability	99.2%	93.4%	92.4%	98.7%
<b>Tier 2 Contributory System:</b>				
District's proportion of the net pension liability (asset)	0.4940096%	0.4355412%	0.3803034%	0.3684997%
District's proportionate share of the net pension liability (asset)	\$ 43,555	\$ 48,570	\$ (830)	\$ (11,167)
District's covered payroll	\$ 4,849,273	\$ 3,570,717	\$ 2,456,032	\$ 1,804,057
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.90%	1.36%	-0.03%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	97.4%	95.1%	100.2%	103.5%

These schedules are intended to present information for ten years; prior-year information is not available. Additional information will be displayed as it becomes available.

**MURRAY SCHOOL DISTRICT**  
**Schedules of District Contributions**  
**Utah Retirement Systems**  
Last Four Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Tier 1 Noncontributory System:</b>				
Contractually required contribution	\$ 4,681,251	\$ 4,131,157	\$ 4,311,968	\$ 4,337,622
Contributions in relation to the contractually required contribution	<u>(4,681,251)</u>	<u>(4,131,157)</u>	<u>(4,311,968)</u>	<u>(4,337,622)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 21,730,919	\$ 19,291,196	\$ 20,167,829	\$ 20,544,353
Contributions as a percentage of covered payroll	21.5%	21.4%	21.4%	21.1%
<b>Tier 1 Contributory System:</b>				
Contractually required contribution	\$ 10,377	\$ 22,796	\$ 8,665	\$ 8,363
Contributions in relation to the contractually required contribution	<u>(10,377)</u>	<u>(22,796)</u>	<u>(8,665)</u>	<u>(8,363)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 57,631	\$ 112,959	\$ 48,954	\$ 48,032
Contributions as a percentage of covered payroll	18.0%	20.2%	17.7%	17.4%
<b>Tier 2 Contributory System:</b>				
Contractually required contribution	\$ 1,068,113	\$ 771,034	\$ 545,882	\$ 389,494
Contributions in relation to the contractually required contribution	<u>(1,068,113)</u>	<u>(771,034)</u>	<u>(545,882)</u>	<u>(389,494)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 5,792,356	\$ 4,225,427	\$ 2,991,818	\$ 2,151,581
Contributions as a percentage of covered payroll	18.4%	18.2%	18.2%	18.1%
<b>Tier 2 Defined Contribution Plan:</b>				
Contractually required contribution	\$ 155,039	\$ 115,165	\$ 73,450	\$ 49,567
Contributions in relation to the contractually required contribution	<u>(155,039)</u>	<u>(115,165)</u>	<u>(73,450)</u>	<u>(49,567)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,522,064	\$ 1,120,848	\$ 717,643	\$ 497,346
Contributions as a percentage of covered payroll	10.2%	10.3%	10.2%	10.0%

These schedules are intended to present information for ten years; prior-year information is not available. Additional information will be displayed as it becomes available.

**MURRAY CITY SCHOOL DISTRICT**  
**Notes to Required Supplementary Information**

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**A. CHANGES IN ASSUMPTIONS-UTAH RETIREMENT SYSTEMS**

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

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

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The rate of salary increases assumption for most groups was modified.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- The post retirement mortality assumption for female educators showed an improvement.
- Minor adjustments to the preretirement mortality assumption were made.
- Certain demographic assumptions were changed that generally resulted in a) an increase in members anticipated to terminate employment prior to retirement, b) a slight decrease in members expected to become disabled, and c) a slight increase in the expected age of retirement.

**B. SCHEDULES OF DISTRICT CONTRIBUTIONS-UTAH RETIREMENT SYSTEMS**

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

**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, 2018  
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 16,542,819	\$ 17,406,190	\$ 863,371	\$ 15,591,759
Earnings on investments	222,397	381,216	158,819	128,291
Other local	2,294,322	2,276,380	(17,942)	1,593,311
State sources	26,047,856	26,389,450	341,594	24,318,745
Federal sources	2,476,219	2,271,073	(205,146)	2,312,229
Total revenues	<u>47,583,613</u>	<u>48,724,309</u>	<u>1,140,696</u>	<u>43,944,335</u>
<b>Expenditures:</b>				
Current:				
Salaries	28,660,438	29,305,867	(645,429)	25,901,809
Employee benefits	12,499,375	12,418,357	81,018	12,085,182
Purchased professional and technical services	700,951	708,124	(7,173)	620,148
Purchased property services	615,927	672,986	(57,059)	461,114
Other purchased services	447,150	355,747	91,403	309,378
Supplies	3,887,685	3,483,334	404,351	2,503,269
Property	829,288	598,250	231,038	524,119
Other objects	88,769	(218,289)	307,058	115,681
Total expenditures	<u>47,729,583</u>	<u>47,324,376</u>	<u>405,207</u>	<u>42,520,700</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(145,970)	1,399,933	1,545,903	1,423,635
<b>Fund balances - beginning</b>	<u>13,628,466</u>	<u>13,628,466</u>	<u>-</u>	<u>12,204,831</u>
<b>Fund balances - ending</b>	<u>\$ 13,482,496</u>	<u>\$ 15,028,399</u>	<u>\$ 1,545,903</u>	<u>\$ 13,628,466</u>

**MURRAY CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Debt Service Fund*  
Year Ended June 30, 2018  
With Comparative Totals for 2017

	<b>2018</b>			<b>2017</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Property taxes	\$ 3,531,700	\$ 3,458,377	\$ (73,323)	\$ 3,917,793
Earnings on investments	25,000	68,942	43,942	24,880
Total revenues	<u>3,556,700</u>	<u>3,527,319</u>	<u>(29,381)</u>	<u>3,942,673</u>
<b>Expenditures:</b>				
Principal retirement	2,155,000	2,155,000	-	2,070,000
Interest and other charges	<u>1,376,700</u>	<u>1,361,749</u>	<u>14,951</u>	<u>1,448,242</u>
Total expenditures	<u>3,531,700</u>	<u>3,516,749</u>	<u>14,951</u>	<u>3,518,242</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	25,000	10,570	(14,430)	424,431
<b>Fund balances - beginning</b>	<u>3,148,985</u>	<u>3,148,985</u>	-	<u>2,724,554</u>
<b>Fund balances - ending</b>	<u><u>\$ 3,173,985</u></u>	<u><u>\$ 3,159,555</u></u>	<u><u>\$ (14,430)</u></u>	<u><u>\$ 3,148,985</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, 2018  
With Comparative Totals for 2017

	<b>2018</b>			<b>2017</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Property taxes	\$ 2,898,078	\$ 2,949,720	\$ 51,642	\$ 3,911,029
Earnings on investments	203,500	263,751	60,251	258,973
Other local	2,550,000	-	(2,550,000)	-
State sources	17,800	17,802	2	24,685
Federal sources	-	-	-	994,302
Total revenues	<u>5,669,378</u>	<u>3,231,273</u>	<u>(2,438,105)</u>	<u>5,188,989</u>
<b>Expenditures:</b>				
Current:				
Purchased professional and technical services	351,000	82,249	268,751	197,837
Purchased property services	377,321	591,608	(214,287)	1,131,108
Supplies	440,000	117,871	322,129	333,069
Property	1,433,990	1,266,957	167,033	1,045,876
Debt service:				
Principal retirement	441,000	441,000	-	436,000
Interest and other charges	142,487	141,923	564	147,487
Interest and other charges	-	2,100	(2,100)	-
Total expenditures	<u>3,185,798</u>	<u>2,643,708</u>	<u>542,090</u>	<u>3,291,377</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	2,483,580	587,565	(1,896,015)	1,897,612
<b>Fund balances - beginning</b>	<u>12,398,855</u>	<u>12,398,855</u>	<u>-</u>	<u>10,501,243</u>
<b>Fund balances - ending</b>	<u>\$ 14,882,435</u>	<u>\$ 12,986,420</u>	<u>\$ (1,896,015)</u>	<u>\$ 12,398,855</u>

**MURRAY CITY SCHOOL DISTRICT**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
June 30, 2018

	<b>Special Revenue</b>					<b>Total Nonmajor Governmental Funds</b>
	<b>Non K-12 Programs</b>	<b>School Lunch</b>	<b>Murray Education Foundation</b>	<b>Student Activities</b>	<b>Pass-Through Taxes</b>	
<b>Assets:</b>						
Cash and investments	\$ 268,953	\$ 661,709	\$ 1,112,475	\$ 1,065,347	\$ -	\$ 3,108,484
Receivables:						
Property taxes	-	-	-	-	1,759,638	1,759,638
Other local	8,130	19,317	-	-	-	27,447
State of Utah	-	101,572	-	-	-	101,572
Federal government	-	17,704	-	-	-	17,704
Total assets	<u>\$ 277,083</u>	<u>\$ 800,302</u>	<u>\$ 1,112,475</u>	<u>\$ 1,065,347</u>	<u>\$ 1,759,638</u>	<u>\$ 5,014,845</u>
<b>Liabilities:</b>						
Accounts payable	\$ 6,920	\$ 10,006	\$ -	\$ -	\$ -	\$ 16,926
Accrued salaries and benefits	30,381	10,825	-	-	-	41,206
Unearned revenue:						
Other local	-	71,637	-	-	-	71,637
State of Utah	9,889	-	-	-	-	9,889
Federal government	55,786	-	-	-	-	55,786
Total liabilities	<u>102,976</u>	<u>92,468</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>195,444</u>
<b>Deferred inflows of resources:</b>						
Unavailable property tax revenue	-	-	-	-	34,713	34,713
Property taxes levied for future years	-	-	-	-	1,724,925	1,724,925
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,759,638</u>	<u>1,759,638</u>
<b>Fund balances:</b>						
Restricted for:						
School lunch services	-	707,834	-	-	-	707,834
Committed to:						
Community recreation	174,107	-	-	-	-	174,107
Foundation programs	-	-	1,112,475	-	-	1,112,475
Student activities	-	-	-	1,065,347	-	1,065,347
Total fund balances	<u>174,107</u>	<u>707,834</u>	<u>1,112,475</u>	<u>1,065,347</u>	<u>-</u>	<u>3,059,763</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 277,083</u>	<u>\$ 800,302</u>	<u>\$ 1,112,475</u>	<u>\$ 1,065,347</u>	<u>\$ 1,759,638</u>	<u>\$ 5,014,845</u>



**MURRAY CITY SCHOOL DISTRICT**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
Year Ended June 30, 2018

	<u>Special Revenue</u>					<b>Total Nonmajor Governmental Funds</b>
	<b>Non K-12 Programs</b>	<b>School Lunch</b>	<b>Murray Education Foundation</b>	<b>Student Activities</b>	<b>Pass-Through Taxes</b>	
<b>Revenues:</b>						
Local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,746,911	\$ 1,746,911
Earnings on investments	73	24,372	13,346	-	-	37,791
Lunch sales	-	682,712	-	-	-	682,712
Other local	328,020	32,703	111,219	1,596,990	-	2,068,932
State sources	297,384	400,238	-	-	-	697,622
Federal sources	119,387	1,323,282	-	-	-	1,442,669
Total revenues	<u>744,864</u>	<u>2,463,307</u>	<u>124,565</u>	<u>1,596,990</u>	<u>1,746,911</u>	<u>6,676,637</u>
<b>Expenditures:</b>						
Current:						
Instruction	360,075	-	73,786	1,638,180	-	2,072,041
Supporting services:						
Operation and maintenance of facilities	1,718	-	-	-	-	1,718
School lunch services	-	2,591,777	-	-	-	2,591,777
Community services	365,855	-	-	-	1,746,911	2,112,766
Total expenditures	<u>727,648</u>	<u>2,591,777</u>	<u>73,786</u>	<u>1,638,180</u>	<u>1,746,911</u>	<u>6,778,302</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	17,216	(128,470)	50,779	(41,190)	-	(101,665)
<b>Fund balances - beginning</b>	<u>156,891</u>	<u>836,304</u>	<u>1,061,696</u>	<u>1,106,537</u>	<u>-</u>	<u>3,161,428</u>
<b>Fund balances - ending</b>	<u>\$ 174,107</u>	<u>\$ 707,834</u>	<u>\$ 1,112,475</u>	<u>\$ 1,065,347</u>	<u>\$ -</u>	<u>\$ 3,059,763</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, 2018  
With Comparative Totals for 2017

	<b>2018</b>			<b>2017</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Earnings on investments	\$ -	\$ 73	\$ 73	\$ -
Other local	368,332	328,020	(40,312)	319,049
State sources	324,395	297,384	(27,011)	279,618
Federal sources	73,957	119,387	45,430	112,270
Total revenues	<u>766,684</u>	<u>744,864</u>	<u>(21,820)</u>	<u>710,937</u>
<b>Expenditures:</b>				
Current:				
Salaries	487,018	460,840	26,178	446,779
Employee benefits	147,428	158,821	(11,393)	142,797
Purchased services	75,070	32,510	42,560	49,167
Supplies	84,079	51,665	32,414	62,928
Property	1,394	3,707	(2,313)	2,700
Other objects	37,102	20,105	16,997	12,161
Total expenditures	<u>832,091</u>	<u>727,648</u>	<u>104,443</u>	<u>716,532</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(65,407)	17,216	82,623	(5,595)
<b>Fund balances - beginning</b>	<u>156,891</u>	<u>156,891</u>	<u>-</u>	<u>162,486</u>
<b>Fund balances - ending</b>	<u>\$ 91,484</u>	<u>\$ 174,107</u>	<u>\$ 82,623</u>	<u>\$ 156,891</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, 2018  
With Comparative Totals for 2017

	<b>2018</b>			<b>2017</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Lunch sales	\$ 682,000	\$ 682,712	\$ 712	\$ 675,028
Earnings on investments	17,500	24,372	6,872	15,241
Other local	27,680	32,703	5,023	18,808
State sources	400,000	400,238	238	406,828
Federal sources	1,349,250	1,323,282	(25,968)	1,315,297
Total revenues	<u>2,476,430</u>	<u>2,463,307</u>	<u>(13,123)</u>	<u>2,431,202</u>
<b>Expenditures:</b>				
Current:				
Salaries	798,490	790,552	7,938	697,063
Benefits	328,992	284,424	44,568	265,273
Purchased services	32,561	21,286	11,275	20,535
Supplies	1,378,450	1,197,651	180,799	1,159,051
Property	10,000	1,881	8,119	24,021
Other objects	-	295,983	(295,983)	-
Total expenditures	<u>2,548,493</u>	<u>2,591,777</u>	<u>(43,284)</u>	<u>2,165,943</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(72,063)	(128,470)	(56,407)	265,259
<b>Fund balances - beginning</b>	836,304	836,304	-	571,045
<b>Fund balances - ending</b>	<u>\$ 764,241</u>	<u>\$ 707,834</u>	<u>\$ (56,407)</u>	<u>\$ 836,304</u>

**MURRAY CITY SCHOOL DISTRICT**  
**Comparative Statements of Revenues, Expenditures, and Changes in Fund Balances**  
*Murray Education Foundation*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2018  
With Comparative Totals for 2017

	<b>2018</b>	<b>2017</b>
<b>Revenues:</b>		
Local sources:		
Contributions	\$ 111,219	\$ 127,371
Earnings on investments	13,346	9,993
Total revenues	124,565	137,364
<b>Expenditures:</b>		
Current:		
Instruction	73,786	104,244
Excess of revenues over expenditures / net change in fund balances	50,779	33,120
<b>Fund balances - beginning</b>	1,061,696	1,028,576
<b>Fund balances - ending</b>	\$ 1,112,475	\$ 1,061,696

**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, 2018  
With Comparative Totals for 2017

	<b>2018</b>			<b>2017</b>
	<b>Final Budgeted Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget</b>	<b>Actual Amounts</b>
<b>Revenues:</b>				
Local sources:				
Other local	\$ 2,200,000	\$ 1,596,990	\$ (603,010)	\$ 1,810,339
<b>Expenditures:</b>				
Current:				
Purchased services	450,000	626,430	(176,430)	504,306
Supplies	1,355,000	651,428	703,572	624,930
Property	70,000	88,176	(18,176)	53,942
Other objects	325,000	272,146	52,854	563,564
Total expenditures	<u>2,200,000</u>	<u>1,638,180</u>	<u>561,820</u>	<u>1,746,742</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	(41,190)	(1,164,830)	63,597
<b>Fund balances - beginning</b>	<u>1,106,537</u>	<u>1,106,537</u>	<u>-</u>	<u>1,042,940</u>
<b>Fund balances - ending</b>	<u><u>\$ 1,106,537</u></u>	<u><u>\$ 1,065,347</u></u>	<u><u>\$ (1,164,830)</u></u>	<u><u>\$ 1,106,537</u></u>

**MURRAY CITY SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
*Pass-Through Taxes*  
**Nonmajor Special Revenue Fund**  
Year Ended June 30, 2018  
With Comparative Totals for 2017

	<u>2018</u>			<u>2017</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
<b>Revenues:</b>				
Property taxes	\$ 2,117,806	\$ 1,746,911	\$ (370,895)	\$ 1,567,262
<b>Expenditures:</b>				
Other objects	<u>2,117,806</u>	<u>1,746,911</u>	<u>370,895</u>	<u>1,567,262</u>
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
<b>Fund balances - beginning</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances - ending</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

**OTHER INFORMATION**  
**(Unaudited)**

**MURRAY CITY SCHOOL DISTRICT**  
**COMPARATIVE STATEMENTS OF NET POSITION**  
**GOVERNMENTAL ACTIVITIES (Accrual Basis of Accounting)**  
June 30, 2018 through 2014

	2018	2017	2016	2015	2014
<b>Assets:</b>					
Cash and investments	\$ 41,263,145	\$ 39,206,467	\$ 33,399,291	\$ 37,560,982	\$ 46,640,295
Receivables:					
Property taxes	23,451,522	24,163,178	23,396,278	21,295,069	19,404,912
Other local	623,351	25,221	35,304	139,808	443,772
State of Utah	498,838	474,610	185,324	243,508	264,120
Federal government	631,680	1,232,868	1,983,737	729,508	2,134,672
Inventories	378,084	675,329	503,966	738,547	618,420
Net OPEB asset	-	245,190	296,416	259,073	172,091
Net pension asset	-	-	830	11,167	-
Capital assets:					
Land and construction in progress	17,741,806	17,741,806	18,939,099	56,137,065	37,658,593
Buildings and equipment, net of accumulated depreciation	<u>77,830,054</u>	<u>80,053,753</u>	<u>80,061,225</u>	<u>39,668,319</u>	<u>39,368,447</u>
Total assets	<u>162,418,480</u>	<u>163,818,422</u>	<u>158,801,470</u>	<u>156,783,046</u>	<u>146,705,322</u>
<b>Deferred outflows of resources:</b>					
Deferred amounts on refundings	369,716	407,111	444,506	481,902	519,297
Related to pensions	<u>11,313,986</u>	<u>9,435,293</u>	<u>8,517,914</u>	<u>2,762,584</u>	<u>-</u>
Total deferred outflows of resources	<u>11,683,702</u>	<u>9,842,404</u>	<u>8,962,420</u>	<u>3,244,486</u>	<u>519,297</u>
<b>Liabilities:</b>					
Accounts payable	857,360	535,555	375,991	3,894,509	5,721,578
Accrued interest	547,840	584,628	619,798	660,735	681,146
Accrued salaries and benefits	5,065,419	4,787,558	4,671,164	5,057,777	3,353,008
Unearned revenue:					
Other local	99,855	115,950	106,203	58,498	63,719
State of Utah	1,393,879	2,108,820	1,570,175	857,831	465,884
Federal government	57,446	49,093	40,538	47,198	39,745
Noncurrent liabilities:					
Due and payable within one year	3,309,979	3,306,390	2,218,533	2,644,432	2,500,370
Due and payable after one year	<u>64,814,577</u>	<u>68,908,024</u>	<u>72,843,821</u>	<u>69,722,084</u>	<u>46,317,334</u>
Total liabilities	<u>76,146,355</u>	<u>80,396,018</u>	<u>82,446,223</u>	<u>82,943,064</u>	<u>59,142,784</u>
<b>Deferred inflows of resources:</b>					
Property taxes levied for future year	23,160,133	23,842,069	22,965,176	20,998,960	19,088,560
Related to pensions	<u>9,255,545</u>	<u>3,389,069</u>	<u>2,386,396</u>	<u>1,737,631</u>	<u>-</u>
Total deferred inflows of resources	<u>32,415,678</u>	<u>27,231,138</u>	<u>25,351,572</u>	<u>22,736,591</u>	<u>19,088,560</u>
<b>Net position:</b>					
Net investment in capital assets	50,864,831	50,356,832	48,919,895	48,136,484	40,978,902
Restricted for:					
Debt service	2,679,313	2,639,637	2,189,891	1,715,988	1,333,152
Capital projects	13,034,513	12,456,672	10,516,767	8,353,011	14,305,642
School lunch services	707,834	836,304	571,045	533,623	400,844
Unrestricted	<u>(1,746,342)</u>	<u>(255,775)</u>	<u>(2,231,503)</u>	<u>(4,391,229)</u>	<u>11,974,735</u>
Total net position	<u>\$ 65,540,149</u>	<u>\$ 66,033,670</u>	<u>\$ 59,966,095</u>	<u>\$ 54,347,877</u>	<u>\$ 68,993,275</u>

Notes: Beginning in FY2015, the District implemented GASB Statements 68 and 71, recording its proportionate share of net pension liabilities. Beginning in FY2018, the District implemented GASB Statement 75, restating and decreasing beginning net position by \$4,553,556. Prior years have not been restated.



**MURRAY CITY SCHOOL DISTRICT**  
**COMPARATIVE STATEMENTS OF ACTIVITIES**  
**GOVERNMENTAL ACTIVITIES (Accrual Basis of Accounting)**  
Years Ended June 30, 2018 through 2014

	2018	2017	2016	2015	2014
<b>Expenses:</b>					
Instruction	\$ 34,816,927	\$ 32,430,681	\$ 32,176,391	\$ 30,548,060	\$ 31,777,260
Supporting services:					
Student	2,274,248	2,190,849	1,990,083	1,837,703	2,050,234
Instructional staff	1,684,478	1,228,378	1,200,999	1,263,491	1,238,961
General administration	1,392,676	1,218,070	1,411,449	852,698	826,392
School administration	2,983,957	2,853,444	2,651,626	2,538,263	2,615,622
Central	2,118,725	1,876,871	1,707,696	1,480,253	1,812,860
Operation and maintenance of facilities	4,831,161	4,509,905	4,130,799	4,074,009	4,368,676
Student transportation	1,222,761	1,162,782	1,045,555	1,038,743	1,191,137
School lunch services	2,696,988	2,290,196	2,286,043	1,827,757	2,121,428
Community services	2,756,698	2,516,963	2,555,574	2,424,603	876,442
Interest on long-term liabilities	1,331,182	1,424,857	1,469,046	1,502,680	1,508,077
Total school district	<u>58,109,801</u>	<u>53,702,996</u>	<u>52,625,261</u>	<u>49,388,260</u>	<u>50,387,089</u>
<b>Program revenues:</b>					
Instruction	9,587,562	9,419,031	8,759,257	7,619,078	9,115,328
Supporting services:					
Student	515,398	586,235	419,119	504,785	506,974
Instructional staff	316,312	278,549	237,677	273,959	239,865
General administration	270,991	263,039	195,856	120,730	144,996
School administration	1,723	1,225	1,236	91	1,142
Central	7,075	590	371	-	283
Operation and maintenance of facilities	30,326	59,705	65,005	74,762	72,865
Student transportation	373,292	404,415	407,035	367,727	289,015
School lunch services	2,438,935	2,415,906	2,244,722	2,077,146	2,113,306
Community services	582,030	556,158	544,584	525,789	555,573
Total program revenues	<u>14,123,644</u>	<u>13,984,853</u>	<u>12,874,862</u>	<u>11,564,067</u>	<u>13,039,347</u>
Net (expense) revenue	<u>(43,986,157)</u>	<u>(39,718,143)</u>	<u>(39,750,399)</u>	<u>(37,824,193)</u>	<u>(37,347,742)</u>
<b>General revenues:</b>					
Property taxes	25,538,695	25,005,533	25,089,613	21,799,930	20,051,978
Federal and state aid not restricted to specific purposes	19,574,638	18,878,057	18,403,773	18,700,055	17,865,935
Earnings on investments	784,501	457,102	249,614	198,425	464,706
Miscellaneous	2,148,358	1,445,026	1,625,617	1,467,756	2,281,885
Total general revenues	<u>48,046,192</u>	<u>45,785,718</u>	<u>45,368,617</u>	<u>42,166,166</u>	<u>40,664,504</u>
Change in net position	4,060,035	6,067,575	5,618,218	4,341,973	3,316,762
<b>Net position - beginning</b>	<u>61,480,114</u>	<u>59,966,095</u>	<u>54,347,877</u>	<u>50,005,904</u>	<u>65,676,513</u>
<b>Net position - ending</b>	<u>\$ 65,540,149</u>	<u>\$ 66,033,670</u>	<u>\$ 59,966,095</u>	<u>\$ 54,347,877</u>	<u>\$ 68,993,275</u>

Notes: Beginning in FY2015, the District implemented GASB Statements 68 and 71, restating and decreasing beginning net position by \$18,987,371. Beginning in FY2018, the District implemented GASB Statement 75, restating and decreasing beginning net position by \$4,553,556.

**MURRAY CITY SCHOOL DISTRICT  
GENERAL FUND  
COMPARATIVE BALANCE SHEETS**  
June 30, 2018 through 2014

	2018	2017	2016	2015	2014
<b>Assets:</b>					
Cash and investments	\$ 20,130,989	\$ 18,611,032	\$ 16,039,637	\$ 15,433,095	\$ 13,004,429
Accounts receivable:					
Property taxes	15,916,142	15,710,095	16,676,650	15,424,736	12,228,568
Other local	595,904	-	17,090	106,555	417,273
State sources	397,266	306,229	35,943	149,154	115,516
Federal sources	613,976	1,216,588	1,920,859	665,967	2,066,103
Inventories	378,084	675,329	503,966	738,547	618,420
Total assets	<u>\$ 38,032,361</u>	<u>\$ 36,519,273</u>	<u>\$ 35,194,145</u>	<u>\$ 32,518,054</u>	<u>\$ 28,450,309</u>
<b>Liabilities:</b>					
Accounts payable	\$ 523,422	\$ 182,869	\$ 56,229	\$ 274,946	\$ 2,438,769
Accrued salaries and benefits	5,024,213	4,750,330	4,638,751	5,029,791	3,353,008
Unearned revenue:					
Other local	28,218	35,212	30,188	20,819	19,155
State sources	1,383,990	2,094,850	1,559,328	845,423	463,485
Federal sources	1,660	7,681	2,540	2,135	1,935
Total liabilities	<u>6,961,503</u>	<u>7,070,942</u>	<u>6,287,036</u>	<u>6,173,114</u>	<u>6,276,352</u>
<b>Deferred inflows of resources:</b>					
Unavailable property tax revenue	319,154	324,247	338,995	227,590	275,543
Property taxes levied for future year	15,723,305	15,495,618	16,363,283	15,233,080	12,010,486
Total deferred inflows of resources	<u>16,042,459</u>	<u>15,819,865</u>	<u>16,702,278</u>	<u>15,460,670</u>	<u>12,286,029</u>
<b>Fund balances:</b>					
Nonspendable:					
Inventories	378,084	675,329	503,966	738,547	618,420
Committed to:					
Economic stabilization	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Employee and retiree benefits	5,238,358	5,238,358	5,238,358	5,238,358	5,238,358
Unassigned	7,411,957	5,714,779	4,462,507	2,907,365	2,031,150
Total fund balances	<u>15,028,399</u>	<u>13,628,466</u>	<u>12,204,831</u>	<u>10,884,270</u>	<u>9,887,928</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 38,032,361</u>	<u>\$ 36,519,273</u>	<u>\$ 35,194,145</u>	<u>\$ 32,518,054</u>	<u>\$ 28,450,309</u>

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

Years Ended June 30, 2018 through 2014 with Proposed Budget for 2019

	Proposed Budget					
	2019	2018	2017	2016	2015	2014
<b>Revenues:</b>						
Property taxes	\$ 17,683,484	\$ 17,406,190	\$ 15,591,759	\$ 15,137,038	\$ 13,085,134	\$ 13,072,096
Earnings on investments	222,397	381,216	128,291	69,374	46,091	221,667
Other local	1,549,799	2,276,380	1,593,311	1,705,920	1,103,353	1,815,282
State sources	26,889,112	26,389,450	24,318,745	23,248,802	23,464,081	23,424,024
Federal sources	2,122,115	2,271,073	2,312,229	2,178,252	2,036,473	2,140,924
Total revenues	48,466,907	48,724,309	43,944,335	42,339,386	39,735,132	40,673,993
<b>Expenditures:</b>						
Current:						
Instruction	32,365,701	31,364,190	28,588,718	26,908,029	26,021,870	26,681,479
Support services:						
Student	2,606,121	2,327,366	2,180,109	2,017,310	1,910,815	2,048,427
Instructional staff	1,683,650	1,712,958	1,221,113	1,212,529	1,305,622	1,238,961
General administration	1,249,363	1,190,590	987,661	1,413,897	772,274	814,176
School administration	3,156,125	2,972,159	2,764,263	2,636,419	2,598,100	2,570,701
Central	1,751,363	1,576,507	1,600,524	1,532,158	1,363,418	1,611,790
Operation and maintenance of facilities	4,330,981	4,185,158	3,726,625	3,500,308	3,498,596	3,738,893
Student transportation	931,953	963,357	865,633	786,629	789,440	951,224
Community services	514,651	661,980	586,054	541,011	478,655	517,905
Capital outlay	626	370,111	-	470,535	-	382,138
Total expenditures	48,590,534	47,324,376	42,520,700	41,018,825	38,738,790	40,555,694
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(123,627)	1,399,933	1,423,635	1,320,561	996,342	118,299
<b>Fund balances - beginning</b>	15,028,399	13,628,466	12,204,831	10,884,270	9,887,928	9,769,629
<b>Fund balances - ending</b>	<u>\$ 14,904,772</u>	<u>\$ 15,028,399</u>	<u>\$ 13,628,466</u>	<u>\$ 12,204,831</u>	<u>\$ 10,884,270</u>	<u>\$ 9,887,928</u>

Source: District records

**MURRAY CITY SCHOOL DISTRICT  
HISTORICAL SUMMARIES OF TAXABLE VALUES OF PROPERTY**

Tax (Calendar) Years 2017 through 2013

	2017		2016	2015	2014	2013
	Taxable Value	% of TV	Taxable Value	Taxable Value	Taxable Value	Taxable Value
<b>Set by state tax commission-centrally assessed</b>	\$ 54,803,577	1.4 %	\$ 48,818,339	\$ 42,490,546	\$ 42,490,546	\$ 43,924,492
<b>Set by county assessor-locally assessed</b>						
Real property:						
Primary residential	1,689,092,294	42.4	1,551,738,071	1,447,157,492	1,373,960,677	1,269,724,702
Other residential	21,461,160	0.5	25,210,470	23,600,990	23,322,500	22,821,670
Commercial and industrial	1,874,356,590	47.1	1,710,378,590	1,526,082,590	1,435,243,980	1,401,848,820
Agriculture buildings	12,120	0.0	12,420	10,480	9,510	9,010
Unimproved non FAA	5,850	0.0	5,700	6,110	6,240	6,670
Total real property	<u>3,584,928,014</u>	<u>90.1</u>	<u>3,287,345,251</u>	<u>2,996,857,662</u>	<u>2,832,542,907</u>	<u>2,694,410,872</u>
Personal property:						
Primary mobile homes	5,115,812	0.1	5,108,191	5,120,520	5,159,803	5,349,989
Secondary mobile homes	260,577	0.0	134,443	103,088	75,225	113,647
Other business personal	234,627,183	5.9	223,028,985	210,961,992	211,786,307	211,233,953
SCME	37,473	0.0	49,853	63,608	-	-
Total personal property	<u>240,041,045</u>	<u>6.0</u>	<u>228,321,472</u>	<u>216,249,208</u>	<u>217,021,335</u>	<u>216,697,589</u>
Fee in lieu property	<u>99,960,160</u>	<u>2.5</u>	<u>100,494,886</u>	<u>96,478,395</u>	<u>88,985,799</u>	<u>91,810,534</u>
Total locally assessed	<u>3,924,929,219</u>	<u>98.6</u>	<u>3,616,161,609</u>	<u>3,309,585,265</u>	<u>3,138,550,041</u>	<u>3,002,918,995</u>
Total taxable value (TV)	<u>\$ 3,979,732,796</u>	<u>100.0 %</u>	<u>\$ 3,664,979,948</u>	<u>\$ 3,352,075,811</u>	<u>\$ 3,181,040,587</u>	<u>\$ 3,046,843,487</u>
Total taxable value (less fee in lieu)	<u>\$ 3,879,772,636</u>		<u>\$ 3,564,485,062</u>	<u>\$ 3,255,597,416</u>	<u>\$ 3,092,054,788</u>	<u>\$ 2,955,032,953</u>

Source: Property Tax Division, Utah State Tax Commission

**MURRAY CITY SCHOOL DISTRICT**

**TAX RATES AND COLLECTIONS**

Years Ended June 30, 2018 through 2014 with Proposed Budget for 2019

	Proposed Budget		2018		2017		2016		2015		2014	
	2019		Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
	Tax Rate	Budgeted Collections										
<b>General fund:</b>												
Basic levy	0.001666	\$ 7,466,832	0.001568	\$ 6,034,659	0.001675	\$ 2,882,479	0.001736	\$ 5,611,432	0.001419	\$ 4,318,543	0.001535	\$ 4,540,488
Voted local levy	0.001786	8,004,658	0.001786	6,873,661	0.007860	13,526,145	0.001697	5,485,369	0.001786	5,435,460	0.001756	5,194,201
Board local levy	0.000835	3,742,379	0.000992	3,817,845	0.000927	1,595,259	0.001249	4,037,257	0.001097	3,338,578	0.001123	3,337,407
Charter school levy	0.000044	197,203	0.000055	211,675	-	-	-	-	-	-	-	-
Total general fund	0.004331	19,411,072	0.004401	16,937,840	0.010462	18,003,883	0.004682	15,134,058	0.004302	13,092,581	0.004414	13,072,096
<b>Debt service fund:</b>												
Debt service	0.000908	4,069,557	0.001009	3,883,272	0.001102	1,896,414	0.001211	3,914,426	0.001277	3,870,873	0.001307	3,866,071
<b>Capital projects fund:</b>												
Capital local	0.000646	2,895,302	0.000775	2,982,692	0.000201	345,898	0.000593	1,916,808	0.000667	2,029,928	0.000682	2,017,247
Capital outlay equalized	-	-	-	10,483	0.000600	3,174,385	0.000600	2,405,701	0.000600	1,281,290	0.000600	1,148,929
Total capital projects fund	0.000646	2,895,302	0.000775	2,993,175	0.000801	3,520,283	0.001193	4,322,509	0.001267	3,311,218	0.001282	3,166,176
Total tax rate / collections	0.005885	\$ 26,375,931	0.006185	\$ 23,814,287	0.012365	\$ 23,420,580	0.007086	\$ 23,370,993	0.006846	\$ 20,290,184	0.007003	\$ 20,088,831

Notes:

Tax rates are levied for the calendar year. This schedule reports collections for fiscal years ended June 30. For example, calendar year 2017 tax rates are for the District's fiscal year ended June 30, 2018. 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.

Tax collections exclude incremental taxes collected and remitted directly to the redevelopment agencies for redevelopment projects.