

MURRAY CITY SCHOOL DISTRICT

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

Year Ended June 30, 2019

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, 2019, 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, 2019, 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.

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 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 26, 2019 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.

Squin & Company, PC

Orem, Utah
November 26, 2019

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, 2019.

Financial Highlights

- The District's total net position was \$70.0 million at the close of the most recent year, the largest portion of which is invested in capital assets.
- During the year, expenses were \$4.5 million less than the \$66.2 million generated in taxes and other revenues for governmental activities.
- Student enrollment increased by 8 students to a total of 6,502 students for fiscal year 2019. The value of the State's Weighted Pupil Unit (WPU) increased by \$84 or 2.5%. Total state aid increased by \$0.7 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 12 and 13 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 14 through 18 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 19 through 21 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 22 through 45 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 46 through 49 of this report.

The combining and individual statements and schedules referred to earlier in connection with governmental funds can be found on pages 50 through 59 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 60 through 65 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 \$70.0 million at the close of the most recent fiscal year.

MURRAY CITY SCHOOL DISTRICT'S Net Position

(in millions of dollars)

June 30, 2019 and 2018

	Governmental activities		Total change
	2019	2018	2019-2018
Current and other assets	\$ 74.7	\$ 66.7	\$ 8.0
Capital assets	93.5	95.6	(2.1)
Total assets	168.2	162.3	5.9
Deferred outflows of resources	12.6	11.7	0.9
Current and other liabilities	7.6	8.0	(0.4)
Long-term liabilities outstanding	76.0	68.1	7.9
Total liabilities	83.6	76.1	7.5
Deferred inflows of resources	27.2	32.4	(5.2)
Net position:			
Net investment in capital assets	51.6	50.9	0.7
Restricted	19.9	16.3	3.6
Unrestricted	(1.5)	(1.7)	0.2
Total net position	\$ 70.0	\$ 65.5	\$ 4.5

The key elements of the District’s net position at June 30, 2019 are as follows:

- The largest portion of the District’s net position (\$51.6 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 (\$19.9 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 \$1.5 million) is unrestricted. This balance is net of the District’s proportionate share of the unfunded obligation of the defined benefit pension plans administered by the Utah Retirement Systems.

The District's net position increased by \$4.5 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, 2019 and 2018

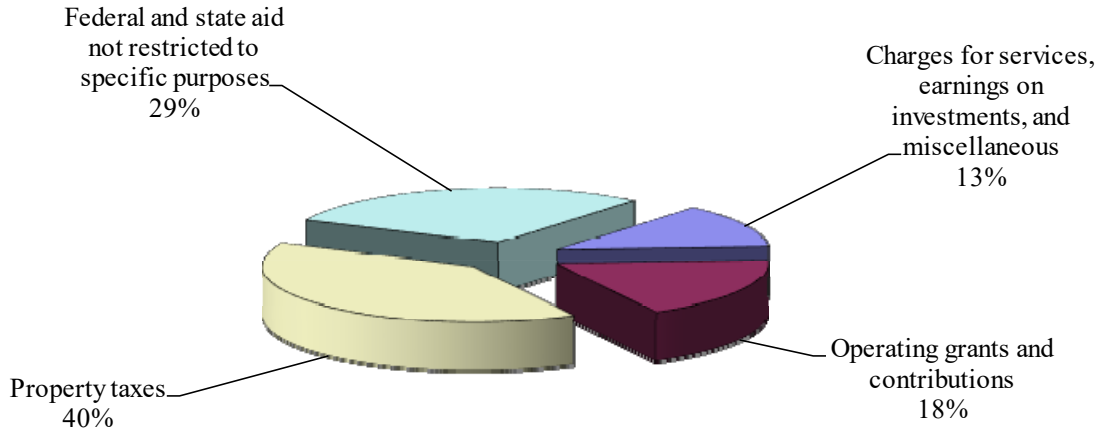
	Governmental activities		Total change
	2019	2018	2019-2018
Revenues:			
Program revenues:			
Charges for services	\$ 2.8	\$ 2.9	\$ (0.1)
Operating grants and contributions	12.0	11.2	0.8
General revenues:			
Property taxes	26.2	25.5	0.7
Federal and state aid not restricted to specific purposes	19.4	19.6	(0.2)
Earnings on investments	1.3	0.8	0.5
Miscellaneous	4.5	2.1	2.4
Total revenues	<u>66.2</u>	<u>62.1</u>	<u>4.1</u>
Expenses:			
Instruction	36.1	34.8	1.3
Supporting services:			
Students	2.6	2.3	0.3
Instructional staff	2.3	1.7	0.6
General administration	1.3	1.4	(0.1)
School administration	3.3	3.0	0.3
Central	2.1	2.1	-
Operation and maintenance of facilities	5.3	4.8	0.5
Student transportation	1.4	1.2	0.2
School lunch services	3.1	2.7	0.4
Community services	3.0	2.8	0.2
Interest on long-term liabilities	1.2	1.3	(0.1)
Total expenses	<u>61.7</u>	<u>58.1</u>	<u>3.6</u>
Change in net position	4.5	4.0	0.5
Net position - beginning	<u>65.5</u>	<u>61.5</u>	<u>4.0</u>
Net position - ending	<u>\$ 70.0</u>	<u>\$ 65.5</u>	<u>\$ 4.5</u>

Governmental activities

The key elements of the increase in the District's net position for the year ended June 30, 2019 are as follows:

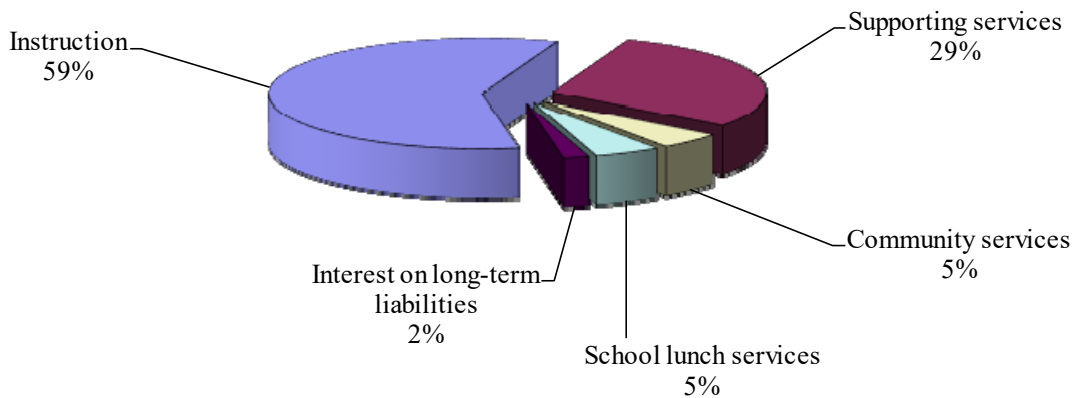
- State aid increased by \$0.7 million compared to the prior year. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. Certain students receive a weighting greater than one. The state 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 2.5% during the year ended June 30, 2019 (\$3,395 during 2019 as compared to \$3,311 in 2018).

**Murray City School District
Revenue by Source - Governmental Activities
Year Ended June 30, 2019**



- Instruction represents the largest dollar portion of expenses of \$36.1 million primarily for teacher salaries and related benefits.

**Murray City School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2019**



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 \$39.1 million, \$4.9 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 \$48.4 million, an increase of 2.3% during the current fiscal year. This compares to a 11.3% increase in 2018. Instruction represents 64.7% of *general fund* expenditures.
- *General fund* salaries totaled \$30.4 million while the associated employee benefits of retirement, social security, and insurance added \$12.5 million to arrive at 88.7% of total *general fund* expenditures. This compares to 88.2% in 2018.

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, 2019, the District's combined governmental fund balance is \$39.1 million (\$0.5 million in nonspendable, \$20.4 million in restricted, \$9.6 million in committed, and \$8.6 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 property tax revenue. Final budgeted expenditures were more than the original budgetary estimates by \$0.9 million or 1.8%. The increase primarily reflects higher expenditures in supporting services than anticipated.

Actual expenditures were \$1.0 million less than final budgeted amounts. The most significant positive variances were \$1.1 million in instruction which is offset by a negative variance of \$0.4 million in operation and maintenance of facilities. Revenues were \$0.5 million more than the final budgeted amount primarily due to positive variances in revenue from state sources.

Capital Asset and Debt Administration

Capital assets

The District's investment in capital assets for its governmental activities as of June 30, 2019 amounts to \$93.5 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 \$2.1 million or 2.2% primarily due to depreciation of capital assets. Capital assets at June 30, 2019 and 2018 are outlined below:

MURRAY CITY SCHOOL DISTRICT'S Capital Assets
(net of accumulated depreciation, in millions of dollars)
June 30, 2019 and 2018

	Governmental activities		Total
	2019	2018	change 2019-2018
Land	\$ 17.7	\$ 17.7	\$ -
Buildings	74.0	76.3	(2.3)
Equipment	1.8	1.6	0.2
Total capital assets	<u>\$ 93.5</u>	<u>\$ 95.6</u>	<u>\$ (2.1)</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, 2019, the District had total bonded debt outstanding of \$42.2 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 \$2.9 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, 2019 and 2018

	Governmental activities		Total
	2019	2018	change 2019-2018
Net general obligation bonds	\$ 36.5	\$ 39.0	\$ (2.5)
Lease revenue bonds payable	5.7	6.1	(0.4)
Total outstanding debt	<u>\$ 42.2</u>	<u>\$ 45.1</u>	<u>\$ (2.9)</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, 2019 is \$231.4 million. Net general obligation debt at June 30, 2019 is \$36.5 million, resulting in a legal debt margin of \$194.9 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.

Enrollment

We anticipate student membership to remain relatively constant for the foreseeable future. The following enrollment information is based on the annual October 1 count:

**MURRAY CITY SCHOOL DISTRICT'S Enrollment
October 1 Count**

<u>School Year</u>	<u>Enrollment</u>	<u>Change</u>
2019-20	6,425	(1.18)%
2018-19	6,502	0.12 %
2017-18	6,494	1.22 %
2016-17	6,416	2.43 %
2015-16	6,264	(2.35)%

The District’s enrollment for the 2018-2019 school year increased by 8 students to a total of 6,502 students.

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, 2019

	Governmental Activities
Assets:	
Cash and investments	\$ 43,665,638
Receivables:	
Property taxes	26,881,425
Other local	821,003
State of Utah	807,480
Federal government	2,127,671
Inventories	543,505
Capital assets:	
Land	17,741,806
Buildings and equipment, net of accumulated depreciation	75,760,480
Total assets	<u>168,349,008</u>
Deferred outflows of resources:	
Deferred charge on refunding	332,321
Related to pensions	12,229,264
Total deferred outflows of resources	<u>12,561,585</u>
Liabilities:	
Accounts payable	1,166,080
Accrued interest	500,120
Accrued salaries and benefits	5,228,800
Unearned revenue:	
Other local	117,841
State of Utah	548,567
Federal government	57,446
Noncurrent liabilities:	
Due and payable within one year	3,307,539
Due and payable after one year	72,692,553
Total liabilities	<u>83,618,946</u>
Deferred inflows of resources:	
Property taxes levied for future year	26,593,851
Related to pensions	650,337
Total deferred inflows of resources	<u>27,244,188</u>
Net position:	
Net investment in capital assets	51,618,959
Restricted for:	
Debt service	2,720,607
Capital projects	16,769,143
School lunch services	477,660
Unrestricted	(1,538,910)
Total net position	<u>\$ 70,047,459</u>

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

MURRAY CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2019

Activities and Functions	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 36,088,086	\$ 1,608,046	\$ 7,909,258	\$ (26,570,782)
Supporting services:				
Students	2,561,160	-	654,379	(1,906,781)
Instructional staff	2,268,621	-	683,230	(1,585,391)
General administration	1,320,372	-	308,248	(1,012,124)
School administration	3,310,383	-	1,506	(3,308,877)
Central	2,079,318	-	424	(2,078,894)
Operation and maintenance of facilities	5,293,799	27,029	22,881	(5,243,889)
Student transportation	1,464,532	3,744	389,405	(1,071,383)
School lunch services	3,059,193	698,215	1,909,904	(451,074)
Community services	2,996,886	415,234	82,333	(2,499,319)
Interest on long-term liabilities	1,227,934	-	-	(1,227,934)
Total school district	<u>\$ 61,670,284</u>	<u>\$ 2,752,268</u>	<u>\$ 11,961,568</u>	<u>(46,956,448)</u>
General revenues:				
Property taxes levied for:				
Basic				6,932,474
Voted local				7,431,812
Board local				3,474,559
Debt service				3,778,323
Capital local				2,688,102
Pass-through taxes				1,923,639
Total property taxes				26,228,909
Federal and state aid not restricted to specific purposes				19,447,283
Earnings on investments				1,327,300
Miscellaneous				4,460,266
Total general revenues				<u>51,463,758</u>
Change in net position				4,507,310
Net position - beginning				<u>65,540,149</u>
Net position - ending				<u>\$ 70,047,459</u>

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

MURRAY CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 18,995,558	\$ 3,183,625	\$ 16,860,493	\$ 2,855,784	\$ 41,895,460
Receivables:					
Property taxes	18,171,175	3,735,344	2,696,723	2,278,183	26,881,425
Other local	788,740	-	12,946	19,317	821,003
State of Utah	677,699	-	-	129,781	807,480
Federal government	2,050,374	-	-	77,297	2,127,671
Inventories	543,505	-	-	-	543,505
Total assets	<u>\$ 41,227,051</u>	<u>\$ 6,918,969</u>	<u>\$ 19,570,162</u>	<u>\$ 5,360,362</u>	<u>\$ 73,076,544</u>
Liabilities:					
Accounts payable	\$ 792,672	\$ -	\$ 131,381	\$ 28,508	\$ 952,561
Accrued salaries and benefits	5,187,079	-	-	41,721	5,228,800
Unearned revenue:					
Other local	48,883	-	-	68,958	117,841
State of Utah	538,678	-	-	9,889	548,567
Federal government	1,660	-	-	55,786	57,446
Total liabilities	<u>6,568,972</u>	<u>-</u>	<u>131,381</u>	<u>204,862</u>	<u>6,905,215</u>
Deferred inflows of resources:					
Unavailable property taxes	316,986	65,147	47,038	38,817	467,988
Property taxes levied for future year	17,986,605	3,698,242	2,669,638	2,239,366	26,593,851
Total deferred inflows of resources	<u>18,303,591</u>	<u>3,763,389</u>	<u>2,716,676</u>	<u>2,278,183</u>	<u>27,061,839</u>
Fund balances:					
Nonspendable:					
Inventories	543,504	-	-	-	543,504
Restricted for:					
Debt service	-	3,155,580	-	-	3,155,580
Capital projects	-	-	16,722,105	-	16,722,105
School lunch services	-	-	-	477,660	477,660
Committed to:					
Economic stabilization	2,000,000	-	-	-	2,000,000
Employee and retiree benefits	5,238,358	-	-	-	5,238,358
Community recreation	-	-	-	140,495	140,495
Foundation programs	-	-	-	1,236,620	1,236,620
Student activities	-	-	-	1,022,542	1,022,542
Unassigned	8,572,626	-	-	-	8,572,626
Total fund balances	<u>16,354,488</u>	<u>3,155,580</u>	<u>16,722,105</u>	<u>2,877,317</u>	<u>39,109,490</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,227,051</u>	<u>\$ 6,918,969</u>	<u>\$ 19,570,162</u>	<u>\$ 5,360,362</u>	<u>\$ 73,076,544</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, 2019

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

Total fund balances for governmental funds \$ 39,109,490

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 \$28,726,450 accumulated depreciation	74,004,874	
Equipment, net of \$3,903,189 accumulated depreciation	<u>1,755,606</u>	93,502,286

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 taxes 467,988

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	(34,175,000)	
Unamortized bond issuance premiums	(2,365,648)	
Unamortized deferred amounts on refunding	332,321	
Lease revenue bonds payable	(5,675,000)	
Accrued interest	(500,120)	
Compensated absences payable	(144,805)	
Net pension liability	(29,307,932)	
Deferred outflows of resources related to pensions	12,229,264	
Deferred inflows of resources related to pensions	(650,337)	
Early retirement benefits payable	<u>(545,059)</u>	(60,802,316)

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: (2,229,989)

Total net position of governmental activities \$ 70,047,459

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, 2019

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Local sources:					
Property taxes	\$ 18,173,545	\$ 3,406,354	\$ 2,692,228	\$ 1,923,639	\$ 26,195,766
Earnings on investments	539,145	106,346	495,199	137,477	1,278,167
School lunch sales	-	-	-	668,982	668,982
Other local sources	1,894,602	-	2,713,574	1,935,376	6,543,552
State of Utah	27,088,832	-	11,054	715,971	27,815,857
Federal government	2,052,800	-	-	1,540,194	3,592,994
Total revenues	<u>49,748,924</u>	<u>3,512,700</u>	<u>5,912,055</u>	<u>6,921,639</u>	<u>66,095,318</u>
Expenditures:					
Current:					
Instruction	31,311,979	-	480,176	1,939,565	33,731,720
Supporting services:					
Students	2,459,525	-	6,406	-	2,465,931
Instructional staff	2,199,441	-	3,865	-	2,203,306
General administration	1,064,735	-	-	-	1,064,735
School administration	3,107,339	-	-	-	3,107,339
Central	1,657,242	-	335,069	-	1,992,311
Operation and maintenance of facilities	4,973,464	-	24,135	1,658	4,999,257
Student transportation	960,051	-	336,004	-	1,296,055
School lunch services	-	-	-	2,876,523	2,876,523
Community services	687,170	-	-	2,286,339	2,973,509
Capital outlay	1,889	-	408,034	-	409,923
Debt service:					
Principal retirement	-	2,240,000	448,000	-	2,688,000
Interest and other charges	-	1,276,675	134,681	-	1,411,356
Total expenditures	<u>48,422,835</u>	<u>3,516,675</u>	<u>2,176,370</u>	<u>7,104,085</u>	<u>61,219,965</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	1,326,089	(3,975)	3,735,685	(182,446)	4,875,353
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 16,354,488</u>	<u>\$ 3,155,580</u>	<u>\$ 16,722,105</u>	<u>\$ 2,877,317</u>	<u>\$ 39,109,490</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, 2019

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 \$ 4,875,353

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	\$ 511,098	
Depreciation expense	<u>(2,580,672)</u>	(2,069,574)

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	2,688,000	
Interest expense - general obligation bonds	47,720	
Amortization of bond premium	173,097	
Amortization of deferred amounts on refunding	<u>(37,395)</u>	2,871,422

Property taxes are 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. 33,143

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	(1,664)	
Early retirement benefits	186,280	
Pension expense	<u>(1,662,689)</u>	(1,478,073)

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. 275,039

Change in net position of governmental activities \$ 4,507,310

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, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues:				
Local sources:				
Property taxes	\$ 17,683,484	\$ 18,176,903	\$ 18,173,545	\$ (3,358)
Earnings on investments	222,397	472,397	539,145	66,748
Other local sources	1,549,799	1,639,799	1,894,602	254,803
State sources	26,889,112	26,773,173	27,088,832	315,659
Federal sources	2,122,115	2,236,990	2,052,800	(184,190)
Total revenues	<u>48,466,907</u>	<u>49,299,262</u>	<u>49,748,924</u>	<u>449,662</u>
Expenditures:				
Current:				
Instruction	32,365,701	32,444,362	31,311,979	1,132,383
Supporting services:				
Student	2,606,121	2,549,423	2,459,525	89,898
Instructional staff	1,683,650	2,151,395	2,199,441	(48,046)
General administration	1,249,363	1,252,351	1,064,735	187,616
School administration	3,156,125	3,172,580	3,107,339	65,241
Central	1,751,363	1,757,598	1,657,242	100,356
Operation and maintenance of facilities	4,330,981	4,524,166	4,973,464	(449,298)
Student transportation	931,953	989,710	960,051	29,659
Community services	514,651	620,758	687,170	(66,412)
Capital outlay	626	626	1,889	(1,263)
Total expenditures	<u>48,590,534</u>	<u>49,462,969</u>	<u>48,422,835</u>	<u>1,040,134</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(123,627)	(163,707)	1,326,089	1,489,796
Fund balances - beginning	<u>15,028,399</u>	<u>15,028,399</u>	<u>15,028,399</u>	<u>-</u>
Fund balances - ending	<u>\$ 14,904,772</u>	<u>\$ 14,864,692</u>	<u>\$ 16,354,488</u>	<u>\$ 1,489,796</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, 2019

	Governmental Activities - Internal Service Fund
Assets:	
Cash and investments	\$ 1,770,178
Total assets	<u>1,770,178</u>
Liabilities:	
District retirement benefit	213,519
OPEB liability	<u>3,786,648</u>
Total liabilities	<u>4,000,167</u>
Net position, unrestricted	<u><u>\$ (2,229,989)</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, 2019

	Governmental Activities - Internal Service Fund
Revenues:	
Charges for services	\$ 386,152
Expenses:	
Supporting services:	
Interest on OPEB liability	150,332
Administrative costs	9,914
Total expenses	<u>160,246</u>
Operating income	225,906
Nonoperating revenue:	
Earnings on investments	<u>49,133</u>
Change in net position	275,039
Net position - beginning	<u>(2,505,028)</u>
Net position - ending	<u><u>\$ (2,229,989)</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, 2019

	Governmental Activities - Internal Service Fund
Cash flows from operating activities:	
Insurance premiums received from users	\$ 386,152
Cash paid to retirees	<u>(435,873)</u>
Net cash used by operating activities	<u>(49,721)</u>
Cash flows from investing activities:	
Interest received on investments	<u>49,133</u>
Change in cash and cash equivalents	(588)
Cash and cash equivalents - beginning	<u>1,770,766</u>
Cash and cash equivalents - ending	<u><u>\$ 1,770,178</u></u>
Displayed on statement of fund net position as cash and investments	<u><u>\$ 1,770,178</u></u>
A reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 225,906
Decrease in district retirement benefit	(13,701)
Interest on total OPEB liability	150,332
Decrease in total OPEB liability	<u>(412,258)</u>
Net cash used by operating activities	<u><u>\$ (49,721)</u></u>

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

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting entity

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The District is not a component unit of any other primary government.

As required by GAAP, these financial statements present the 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

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

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

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

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

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 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, 2019, 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

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

temporary investments. Investments of the District, as well as for its component unit, are reported at fair value at year end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and cash equivalents

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

Inventories

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

Capital assets

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

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

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.

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*

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

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.

- 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.

MURRAY CITY SCHOOL DISTRICT

Notes to Financial Statements

- 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.
- The District has committed other governmental fund resources for community recreation programs.
- The District has committed other governmental fund resources to the Murray Education Foundation to be used for fund raising, operations, schools, and other purposes.
- 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) (the Act) and related Rules of the Money Management Council (the 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 Utah Public Treasurers’ Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier 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 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.

MURRAY CITY SCHOOL DISTRICT
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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 consists of debt securities held by the state or in the state’s name by the state’s custodial banks, including investment-grade corporate bonds and notes, 94.0%; money market mutual funds, 3.4%; first-tier commercial paper, 2.5%; and certificates of deposit, 0.1%. The portfolio has a weighted average maturity of 48 days. The majority of the PTIF’s corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

A reconciliation of cash and investments at June 30, 2019, as shown on the financial statements, is as follows:

Carrying amount of deposits	\$ 1,246,365
Carrying amount of investments	<u>42,419,273</u>
Total deposits and investments	<u><u>\$ 43,665,638</u></u>
Cash and investments - governmental funds, balance sheet	\$ 41,895,460
Cash and investments - internal service funds, statement of fund net position	<u>1,770,178</u>
Total cash and investments	<u><u>\$ 43,665,638</u></u>

Deposits

At June 30, 2019, the District and Foundation have the following deposits with financial institutions:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Amount Insured</u>
Murray City School District	\$ 1,171,560	\$ 1,433,853	\$ 250,000
Murray Education Foundation	<u>74,805</u>	<u>74,805</u>	<u>250,000</u>
	<u><u>\$ 1,246,365</u></u>	<u><u>\$ 1,508,658</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, 2019, the District’s bank deposits were uncollateralized nor is it required by law.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

Investments

At June 30, 2019, the District and Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Murray City School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 41,259,743	\$ 41,259,743	\$ -	\$ -	\$ -
Murray Education Foundation:					
Utah Public Treasurers' Investment Fund (PTIF)	176,964	176,964	-	-	-
U.S. Treasury securities	17,691	-	-	-	17,691
Money market funds	39,016	39,016	-	-	-
Stocks, options, and ETFs	856,780	856,780	-	-	-
Corporate bonds	7,674	-	-	-	7,674
Mutual funds	30,353	30,353	-	-	-
Preferred/fixed rate capital securities	31,052	-	20,619	-	10,433
Total investments	<u>\$ 42,419,273</u>	<u>\$ 42,362,856</u>	<u>\$ 20,619</u>	<u>\$ -</u>	<u>\$ 35,798</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, 2019, 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

MURRAY CITY SCHOOL DISTRICT

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Foundation can invest private funds in certain equity and fixed-income securities provided no more than 5% of all funds are invested in any one issuer and no more than 25% of all funds are invested in a particular industry. Also, for the Foundation's investments in private funds, no more than 75% may be invested in equity securities and no more than 5% in collateralized mortgage obligations.

Custodial credit risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District's policy for managing this risk is to comply with the Act and related rules. The District places no other limit on the amount of investments to be held by counterparties. The Act requires the Foundation's public treasurer to have custody of all securities purchased or held or deposit these securities with a bank or trust company to be held in safekeeping by that custodian. The District's investments held in a brokerage account are covered by Securities Investor Protection Corporation up to \$500,000.

3. 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, 2019:

- Utah Public Treasurers' Investment Fund position of \$41,259,743, 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, 2019:

- Utah Public Treasurers' Investment Fund position of \$176,964, 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).
- U.S. Treasury securities of \$17,691 are valued using quoted market prices (Level 1 inputs).
- Money market funds of \$39,016 are valued using quoted market prices (Level 1 inputs).
- Stocks, options, and ETFs of \$856,780 are valued using quoted market prices (Level 1 inputs).
- Corporate bonds of \$7,674 are valued using a matrix pricing model (Level 2 inputs).
- Mutual funds of \$30,353 are valued using quoted market prices (Level 1 inputs).
- Preferred/fixed rate capital securities of \$31,052 are valued using quoted market prices (Level 1 inputs).

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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 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, 2019, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2019 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, 2019, incremental taxes levied by the District for the redevelopment agencies totaling \$1,738,790 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 2019, the amount collected by the County and paid directly to the State was \$184,849; this amount was reported in other governmental funds (in the *pass-through taxes fund*).

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2019 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated				
Land	\$ 17,741,806	\$ -	\$ -	\$ 17,741,806
Construction in progress	-	43,521	(43,521)	-
Total capital assets, not being depreciated	17,741,806	43,521	(43,521)	17,741,806
Capital assets, being depreciated:				
Buildings	102,687,803	43,521	-	102,731,324
Equipment	5,191,218	467,577	-	5,658,795
Total capital assets, being depreciated	107,879,021	511,098	-	108,390,119
Accumulated depreciation for:				
Buildings	(26,460,695)	(2,265,755)	-	(28,726,450)
Equipment	(3,588,272)	(314,917)	-	(3,903,189)
Total accumulated depreciation	(30,048,967)	(2,580,672)	-	(32,629,639)
Total capital assets being depreciated, net	77,830,054	(2,069,574)	-	75,760,480
Governmental activities capital assets, net	<u>\$ 95,571,860</u>	<u>\$ (2,026,053)</u>	<u>\$ (43,521)</u>	<u>\$ 93,502,286</u>

For the year ended June 30, 2019, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 1,755,290
Supporting services:	
District administration	222,686
School administration	82,759
Central	25,953
Operation and maintenance of facilities	220,819
Student transportation	144,811
School lunch services	128,354
Total depreciation expense, governmental activities	<u>\$ 2,580,672</u>

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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.

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 URS, are members of the Tier 2 systems.

The plans are established and governed by the respective sections of Title 49 of the Utah Code. The plans are amended statutorily by the Utah State Legislature. Title 49 provides for the administration of the plans under the direction of 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.

Benefits Provided

The URS provides retirement, disability, and death benefits to participants in the pension plans.

Retirement benefits are determined from 1.50% 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.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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 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, 2019, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				Totals
	District Contribution *	Amortization of UAAL **	Paid by District for Employee	District Rates 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	8.93%	9.94%	-	1.15%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	-	10.00%	20.02%

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

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make additional contributions to defined contribution plans subject to limitations.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

For the year ended June 30, 2019, District and employee contributions to the plans were as follows:

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 4,547,395	\$ -
Tier 1 Contributory System	10,595	-
Tier 2 Contributory System	1,261,124	-
Tier 2 Defined Contribution Plan	166,345	-
401(k) Plan	566,831	876,834

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

Pension Assets and Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the District reported an asset of zero and a liability of \$29,307,932 for the following plans:

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 28,874,338
Tier 1 Contributory System	-	210,705
Tier 2 Contributory System	-	222,889
Total	<u>\$ -</u>	<u>\$ 29,307,932</u>

The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2018, rolled-forward using generally accepted actuarial procedures. Our proportion of the net pension liability (asset) is equal to the ratio of our actual contributions compared to the total of all employer contributions during the plan year. The following presents our proportion (percentage) of the collective net pension liability (asset) at December 31, 2018 and the change in its proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>	
	<u>2018</u>	<u>Change</u>
Tier 1 Noncontributory System	0.7760840 %	0.0373037 %
Tier 1 Contributory System	0.2967661 %	0.0635430 %
Tier 2 Contributory System	0.5204289 %	0.0264193 %

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

For the year ended June 30, 2019, the District recognized pension expense for the plans as follows:

	Pension Expense
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ 6,744,486
Tier 1 Contributory System	78,492
Tier 2 Contributory System	576,168
Total	<u>\$ 7,399,146</u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 166,345
401(k) Plan	566,831
Total	<u>\$ 733,176</u>

At June 30, 2019, we reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 153,818	\$ -	\$ 1,564	\$ 155,382
Changes of assumptions	2,936,904	-	55,866	2,992,770
Net difference between projected and actual earnings on pension plan investments	4,803,890	69,469	72,582	4,945,941
Changes in proportion and differences between District contributions and proportionate share of contributions	1,003,886	-	70,446	1,074,332
Contributions subsequent to the measurement date	2,305,450	5,304	750,085	3,060,839
Total	<u>\$ 11,203,948</u>	<u>\$ 74,773</u>	<u>\$ 950,543</u>	<u>\$ 12,229,264</u>

At June 30, 2019, we reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	Deferred Inflows of Resources Related to Pensions			
	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
Differences between expected and actual experience	\$ 405,139	\$ -	\$ 46,066	\$ 451,205
Changes of assumptions	-	-	4,004	4,004
Changes in proportion and differences between District contributions and proportionate share of contributions	195,128	-	-	195,128
Total	<u>\$ 600,267</u>	<u>\$ -</u>	<u>\$ 50,070</u>	<u>\$ 650,337</u>

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

The \$3,060,839 reported as deferred outflows of resources related to pensions resulting from our contributions subsequent to the measurement date of December 31, 2018 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2020. 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,	Tier 1 Noncontributory System	Tier 1 Contributory System	Tier 2 Contributory System	Total
2020	\$ 3,625,694	\$ 27,531	\$ 25,325	\$ 3,678,550
2021	1,633,376	755	18,472	1,652,603
2022	764,030	6,751	20,223	791,004
2023	2,275,131	34,432	35,596	2,345,159
2024	-	-	6,759	6,759
Thereafter	-	-	44,013	44,013

Actuarial assumptions

The total pension liability (asset) in the January 1, 2018 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, 2018 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2016. Assumptions remained unchanged that affect measurement of the total pension liability (asset) since the prior measurement date.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	40%	6.2%
Debt securities	20%	0.4%
Real assets	15%	5.8%
Private equity	9%	10.0%
Absolute return	16%	2.9%
Cash and cash equivalents	0%	0.0%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) 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 plans' 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 (asset).

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95%, as well as what the District's proportionate share of the net pension liability (asset) 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	\$ 51,900,500	\$ 28,874,338	\$ 9,610,079
Tier 1 Contributory System	441,562	210,705	13,709
Tier 2 Contributory System	892,934	222,889	(294,219)
Total	<u>\$ 53,234,996</u>	<u>\$ 29,307,932</u>	<u>\$ 9,329,569</u>

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, 2019, the District reported payables of \$1,120,120 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.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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, 2019 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 36,415,000	\$ -	\$ (2,240,000)	\$ 34,175,000	\$ 2,350,000
Bond premium	2,538,745	-	(173,097)	2,365,648	-
Net general obligation bonds payable	38,953,745	-	(2,413,097)	36,540,648	2,350,000
Lease revenue bonds payable	6,123,000	-	(448,000)	5,675,000	456,000
Compensated absences payable	143,141	199,536	(197,872)	144,805	144,805
Early retirement benefits payable	731,339	455,988	(642,268)	545,059	356,734
OPEB liability	4,048,574	150,332	(412,258)	3,786,648	-
Net pension liability	18,124,757	16,919,631	(5,736,456)	29,307,932	-
Total governmental activity long-term liabilities	<u>\$ 68,124,556</u>	<u>\$ 17,725,487</u>	<u>\$ (9,849,951)</u>	<u>\$ 76,000,092</u>	<u>\$ 3,307,539</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 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, 2019, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	2,200,000	755,850	2,955,850
2025-2029	12,015,000	2,750,100	14,765,100
2030-2033	10,980,000	835,800	11,815,800
Total	<u>\$ 34,175,000</u>	<u>\$ 8,289,750</u>	<u>\$ 42,464,750</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, 2019 is about

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

\$231.4 million. Net general obligation debt at June 30, 2019 is \$36.5 million, resulting in a legal debt margin of about \$194.9 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, 2019, including interest payments, are listed as follows:

Year Ending June 30,	Principal	Interest	Total
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	506,000	77,515	583,515
2025-2029	2,706,000	208,304	2,914,304
2030	572,000	10,754	582,754
Total	<u>\$ 5,675,000</u>	<u>\$ 737,974</u>	<u>\$ 6,412,974</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 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 \$642,268 in direct payments to retirees under this option for the year ended June 30, 2019.

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, 2019 is estimated at \$213,519; 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, 2019 totaled \$213,519. The District retirement benefit is serviced by the *lifetime insurance internal service fund*.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

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	6.8% for 2019, 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 Financial Statements

Changes in the total OPEB liability

The following presents the OPEB liability activity for the year ended June 30, 2019:

	<u>Total OPEB Obligation</u>
Balance at June 30, 2018	\$ 4,048,574
Changes for the year:	
Interest	150,332
Benefit payments	<u>(412,258)</u>
Net changes	<u>(261,926)</u>
Balance at June 30, 2019	<u><u>\$ 3,786,648</u></u>

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.

	<u>1% Decrease (2.87%)</u>	<u>Discount Rate (3.87%)</u>	<u>1% Increase (4.87%)</u>
Total OPEB obligation	<u>\$ 4,110,406</u>	<u>\$ 3,786,648</u>	<u>\$ 3,504,921</u>

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 6.8% 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 (5.8% decreasing to 3.5%) or 1 percentage point higher (7.8% decreasing to 5.5%) than the current trend rate.

	<u>1% Decrease (5.8% decreasing to 3.5%)</u>	<u>Healthcare Cost Trend Rates (6.8% decreasing to 4.5%)</u>	<u>1% Increase (7.8% decreasing to 5.5%)</u>
Total OPEB obligation	<u>\$ 3,489,775</u>	<u>\$ 3,786,648</u>	<u>\$ 4,121,766</u>

OPEB expense and deferred outflows and inflows of resources related to OPEB

For the year ended June 30, 2019, the District recognized OPEB expense of \$150,332. At June 30, 2019, the District reported no deferred outflows of resources and no deferred inflows of resources related to OPEB.

MURRAY CITY SCHOOL DISTRICT
Notes to Financial Statements

10. LITIGATION AND COMPLIANCE

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

All fund balances are positive at June 30, 2019. Fund expenditures are within budgeted amounts during the year ended June 30, 2019, except expenditures in the *food services fund* which exceeded budgeted appropriations by \$270,137.

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.

Required Supplementary Information

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

Last Two Plan Fiscal Years

	<u>2019</u>	<u>2018</u>
Total OPEB obligation:		
Service cost	\$ -	\$ -
Interest	150,332	158,406
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions and other inputs	-	-
Benefit payments	(412,258)	(418,198)
Net change in total OPEB obligation	(261,926)	(259,792)
Total OPEB obligation - beginning	4,048,574	4,308,366
Total OPEB obligation - ending	<u>\$ 3,786,648</u>	<u>\$ 4,048,574</u>
Covered payroll	N/A	N/A
Total OPEB obligation as a percentage of covered payroll	N/A	N/A

MURRAY CITY SCHOOL DISTRICT

**Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –
Utah Retirement Systems**

Last Five Plan (Calendar) Years

	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
Tier 1 Noncontributory System:					
2018	0.7760840 %	\$ 28,874,338	\$ 20,973,268	137.67 %	84.1 %
2017	0.7387803 %	18,065,854	19,903,567	90.77 %	89.2 %
2016	0.7094686 %	22,993,288	19,632,211	117.12 %	84.9 %
2015	0.7318957 %	22,990,940	20,483,417	112.24 %	84.5 %
2014	0.7362124 %	18,497,548	21,075,854	87.77 %	87.2 %
Tier 1 Contributory System:					
2018	0.2967761 %	\$ 210,705	\$ 57,594	365.85 %	91.4 %
2017	0.2332231 %	15,347	53,065	28.92 %	99.2 %
2016	0.1841626 %	100,913	49,369	204.41 %	93.4 %
2015	0.1538696 %	96,423	48,743	197.82 %	92.4 %
2014	0.1306940 %	14,330	47,918	29.91 %	98.7 %
Tier 2 Contributory System:					
2018	0.5204289 %	\$ 222,889	\$ 6,118,015	3.64 %	90.8 %
2017	0.4940096 %	43,555	4,849,273	0.90 %	97.4 %
2016	0.4355412 %	48,570	3,570,717	1.36 %	95.1 %
2015	0.3803034 %	(830)	2,456,032	(0.03)%	100.2 %
2014	0.3684997 %	(11,167)	1,804,057	(0.62)%	103.5 %

MURRAY CITY SCHOOL DISTRICT
Schedules of District Contributions – Utah Retirement Systems
Last Five Reporting (Fiscal) Years

	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Tier 1 Noncontributory System:					
2019	\$ 4,547,395	\$ 4,547,395	\$ -	\$ 21,080,643	21.57 %
2018	4,681,251	4,681,251	-	21,730,919	21.54 %
2017	4,131,157	4,131,157	-	19,291,196	21.41 %
2016	4,311,968	4,311,968	-	20,167,829	21.38 %
2015	4,337,622	4,337,622	-	20,544,353	21.11 %
Tier 1 Contributory System:					
2019	\$ 10,595	\$ 10,595	\$ -	\$ 59,859	17.70 %
2018	10,377	10,377	-	57,631	18.01 %
2017	22,796	22,796	-	112,959	20.18 %
2016	8,665	8,665	-	48,954	17.70 %
2015	8,363	8,363	-	48,032	17.41 %
Tier 2 Contributory System:					
2019	\$ 1,261,124	\$ 1,261,124	\$ -	\$ 6,653,444	18.95 %
2018	1,068,113	1,068,113	-	5,792,356	18.44 %
2017	771,034	771,034	-	4,225,427	18.25 %
2016	545,882	545,882	-	2,991,818	18.25 %
2015	389,494	389,494	-	2,151,581	18.10 %
Tier 2 Defined Contribution Plan:					
2019	\$ 166,345	\$ 166,345	\$ -	\$ 1,644,006	10.12 %
2018	155,039	155,039	-	1,522,064	10.19 %
2017	155,165	155,165	-	1,120,848	13.84 %
2016	73,450	73,450	-	717,643	10.23 %
2015	49,567	49,567	-	497,346	9.97 %

MURRAY CITY SCHOOL DISTRICT
Notes to Required Supplementary Information

A. Changes in Assumption – Utah Retirement Systems

Amounts reported in plan year 2018 remain unchanged from the prior year.

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%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

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 payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

B. Schedules of the District's Proportional Share of the Net Pension Liability (Asset) – Utah Retirement Systems

These schedules are intended to present information for ten years; prior-year information will be displayed as it becomes available.

C. Schedules of District Contributions – Utah Retirement Systems

These schedules are intended to present information for ten years; prior-year information will be displayed as it becomes available.

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. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

D. Schedule of Changes in the District's Total OPEB Obligation and Related Ratios

These schedules are intended to present information for ten years; prior-year information will be displayed as it becomes available.

**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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 18,176,903	\$ 18,173,545	\$ (3,358)	\$ 17,406,190
Earnings on investments	472,397	539,145	66,748	381,216
Other local	1,639,799	1,894,602	254,803	2,276,380
State sources	26,773,173	27,088,832	315,659	26,389,450
Federal sources	2,236,990	2,052,800	(184,190)	2,271,073
Total revenues	<u>49,299,262</u>	<u>49,748,924</u>	<u>449,662</u>	<u>48,724,309</u>
Expenditures:				
Current:				
Salaries	31,040,837	30,432,747	608,090	29,305,867
Employee benefits	12,730,232	12,529,266	200,966	12,418,357
Purchased professional and technical services	647,475	581,528	65,947	708,124
Purchased property services	608,028	1,027,908	(419,880)	672,986
Other purchased services	504,996	469,503	35,493	355,747
Supplies	3,535,299	2,947,237	588,062	3,483,334
Property	312,100	358,621	(46,521)	598,250
Other objects	84,003	76,025	7,978	(218,289)
Total expenditures	<u>49,462,969</u>	<u>48,422,835</u>	<u>1,040,134</u>	<u>47,324,376</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(163,707)	1,326,089	1,489,796	1,399,933
Fund balances - beginning	<u>15,028,399</u>	<u>15,028,399</u>	<u>-</u>	<u>13,628,466</u>
Fund balances - ending	<u>\$ 14,864,692</u>	<u>\$ 16,354,488</u>	<u>\$ 1,489,796</u>	<u>\$ 15,028,399</u>

MURRAY CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Debt Service Fund

Year Ended June 30, 2019 with Comparative Totals for 2018

	2019		2018	
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 3,568,000	\$ 3,406,354	\$ (161,646)	\$ 3,458,377
Earnings on investments	25,000	106,346	81,346	68,942
Total revenues	<u>3,593,000</u>	<u>3,512,700</u>	<u>(80,300)</u>	<u>3,527,319</u>
Expenditures:				
Principal retirement	2,240,000	2,240,000	-	2,155,000
Interest and other charges	<u>1,287,825</u>	<u>1,276,675</u>	<u>11,150</u>	<u>1,361,749</u>
Total expenditures	<u>3,527,825</u>	<u>3,516,675</u>	<u>11,150</u>	<u>3,516,749</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	65,175	(3,975)	(69,150)	10,570
Fund balances - beginning	<u>3,159,555</u>	<u>3,159,555</u>	<u>-</u>	<u>3,148,985</u>
Fund balances - ending	<u><u>\$ 3,224,730</u></u>	<u><u>\$ 3,155,580</u></u>	<u><u>\$ (69,150)</u></u>	<u><u>\$ 3,159,555</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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 3,006,641	\$ 2,692,228	\$ (314,413)	\$ 2,949,720
Earnings on investments	203,500	495,199	291,699	263,751
Other local	2,713,574	2,713,574	-	-
State sources	22,500	11,054	(11,446)	17,802
Total revenues	<u>5,946,215</u>	<u>5,912,055</u>	<u>(34,160)</u>	<u>3,231,273</u>
Expenditures:				
Current:				
Purchased professional and technical services	-	259,957	(259,957)	82,249
Purchased property services	628,321	8,365	619,956	591,608
Supplies	515,000	281,121	233,879	117,871
Property	1,500,550	1,044,246	456,304	1,266,957
Debt service:				
Principal retirement	448,000	448,000	-	441,000
Interest and other charges	135,219	134,681	538	141,923
Interest and other charges	-	-	-	2,100
Total expenditures	<u>3,227,090</u>	<u>2,176,370</u>	<u>1,050,720</u>	<u>2,643,708</u>
Excess of revenues over expenditures / net change in fund balances	2,719,125	3,735,685	1,016,560	587,565
Fund balances - beginning	<u>12,986,420</u>	<u>12,986,420</u>	<u>-</u>	<u>12,398,855</u>
Fund balances - ending	<u>\$ 15,705,545</u>	<u>\$ 16,722,105</u>	<u>\$ 1,016,560</u>	<u>\$ 12,986,420</u>

MURRAY CITY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue					Total Nonmajor Governmental Funds
	Non K-12 Programs	School Lunch	Murray Education Foundation	Student Activities	Pass-Through Taxes	
Assets:						
Cash and investments	\$ 192,771	\$ 403,774	\$ 1,236,620	\$ 1,022,619	\$ -	\$ 2,855,784
Receivables:						
Property taxes	-	-	-	-	2,278,183	2,278,183
Other local	-	19,317	-	-	-	19,317
State of Utah	-	129,781	-	-	-	129,781
Federal government	47,366	29,931	-	-	-	77,297
Total assets	<u>\$ 240,137</u>	<u>\$ 582,803</u>	<u>\$ 1,236,620</u>	<u>\$ 1,022,619</u>	<u>\$ 2,278,183</u>	<u>\$ 5,360,362</u>
Liabilities:						
Accounts payable	\$ 4,082	\$ 24,349	\$ -	\$ 77	\$ -	\$ 28,508
Accrued salaries and benefits	29,885	11,836	-	-	-	41,721
Unearned revenue:						
Other local	-	68,958	-	-	-	68,958
State of Utah	9,889	-	-	-	-	9,889
Federal government	55,786	-	-	-	-	55,786
Total liabilities	<u>99,642</u>	<u>105,143</u>	<u>-</u>	<u>77</u>	<u>-</u>	<u>204,862</u>
Deferred inflows of resources:						
Unavailable property taxes	-	-	-	-	38,817	38,817
Property taxes levied for future years	-	-	-	-	2,239,366	2,239,366
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,278,183</u>	<u>2,278,183</u>
Fund balances:						
Restricted for:						
School lunch services	-	477,660	-	-	-	477,660
Committed to:						
Community recreation	140,495	-	-	-	-	140,495
Foundation programs	-	-	1,236,620	-	-	1,236,620
Student activities	-	-	-	1,022,542	-	1,022,542
Total fund balances	<u>140,495</u>	<u>477,660</u>	<u>1,236,620</u>	<u>1,022,542</u>	<u>-</u>	<u>2,877,317</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 240,137</u>	<u>\$ 582,803</u>	<u>\$ 1,236,620</u>	<u>\$ 1,022,619</u>	<u>\$ 2,278,183</u>	<u>\$ 5,360,362</u>

MURRAY CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2019

	Special Revenue					Total Nonmajor Governmental Funds
	Non K-12 Programs	School Lunch	Murray Education Foundation	Student Activities	Pass-Through Taxes	
Revenues:						
Local sources:						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 1,923,639	\$ 1,923,639
Earnings on investments	624	38,178	98,675	-	-	137,477
Lunch sales	-	668,982	-	-	-	668,982
Other local	336,837	29,285	125,866	1,443,388	-	1,935,376
State of Utah	264,452	451,519	-	-	-	715,971
Federal government	81,809	1,458,385	-	-	-	1,540,194
Total revenues	<u>683,722</u>	<u>2,646,349</u>	<u>224,541</u>	<u>1,443,388</u>	<u>1,923,639</u>	<u>6,921,639</u>
Expenditures:						
Current:						
Instruction	352,976	-	100,396	1,486,193	-	1,939,565
Supporting services:						
Operation and maintenance of facilities	1,658	-	-	-	-	1,658
School lunch services	-	2,876,523	-	-	-	2,876,523
Community services	362,700	-	-	-	1,923,639	2,286,339
Total expenditures	<u>717,334</u>	<u>2,876,523</u>	<u>100,396</u>	<u>1,486,193</u>	<u>1,923,639</u>	<u>7,104,085</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(33,612)	(230,174)	124,145	(42,805)	-	(182,446)
Fund balances - beginning	<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>
Fund balances - ending	<u>\$ 140,495</u>	<u>\$ 477,660</u>	<u>\$ 1,236,620</u>	<u>\$ 1,022,542</u>	<u>\$ -</u>	<u>\$ 2,877,317</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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Earnings on investments	\$ -	\$ 624	\$ 624	\$ 73
Other local	331,332	336,837	5,505	328,020
State of Utah	296,568	264,452	(32,116)	297,384
Federal government	112,260	81,809	(30,451)	119,387
Total revenues	740,160	683,722	(56,438)	744,864
Expenditures:				
Current:				
Salaries	426,843	485,969	(59,126)	460,840
Employee benefits	152,708	151,980	728	158,821
Purchased services	75,070	24,302	50,768	32,510
Supplies	84,582	42,782	41,800	51,665
Property	1,394	2,464	(1,070)	3,707
Other objects	41,950	9,837	32,113	20,105
Total expenditures	782,547	717,334	65,213	727,648
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(42,387)	(33,612)	8,775	17,216
Fund balances - beginning	174,107	174,107	-	156,891
Fund balances - ending	\$ 131,720	\$ 140,495	\$ 8,775	\$ 174,107

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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Lunch sales	\$ 682,000	\$ 668,982	\$ (13,018)	\$ 682,712
Earnings on investments	17,500	38,178	20,678	24,372
Other local	427,680	29,285	(398,395)	32,703
State of Utah	-	451,519	451,519	400,238
Federal government	1,349,250	1,458,385	109,135	1,323,282
Total revenues	<u>2,476,430</u>	<u>2,646,349</u>	<u>169,919</u>	<u>2,463,307</u>
Expenditures:				
Current:				
Salaries	861,186	868,396	(7,210)	790,552
Benefits	389,797	395,043	(5,246)	284,424
Purchased services	33,661	22,187	11,474	21,286
Supplies	1,378,449	1,540,119	(161,670)	1,197,651
Property	10,000	18,462	(8,462)	1,881
Other objects	(66,708)	32,316	(99,024)	295,983
Total expenditures	<u>2,606,385</u>	<u>2,876,523</u>	<u>(270,138)</u>	<u>2,591,777</u>
Deficiency of revenues under expenditures / net change in fund balances	(129,955)	(230,174)	(100,219)	(128,470)
Fund balances - beginning	<u>707,834</u>	<u>707,834</u>	<u>-</u>	<u>836,304</u>
Fund balances - ending	<u>\$ 577,879</u>	<u>\$ 477,660</u>	<u>\$ (100,219)</u>	<u>\$ 707,834</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, 2019 with Comparative Totals for 2018

	<u>2019</u>	<u>2018</u>
Revenues:		
Local sources:		
Contributions	\$ 125,866	\$ 111,219
Earnings on investments	98,675	13,346
Total revenues	<u>224,541</u>	<u>124,565</u>
Expenditures:		
Current:		
Instruction	<u>100,396</u>	<u>73,786</u>
Excess of revenues over expenditures / net change in fund balances	124,145	50,779
Fund balances - beginning	<u>1,112,475</u>	<u>1,061,696</u>
Fund balances - ending	<u><u>\$ 1,236,620</u></u>	<u><u>\$ 1,112,475</u></u>

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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Other local	\$ 2,000,000	\$ 1,443,388	\$ (556,612)	\$ 1,596,990
Expenditures:				
Current:				
Purchased services	450,000	358,768	91,232	626,430
Supplies	1,155,000	721,385	433,615	651,428
Property	70,000	86,039	(16,039)	88,176
Other objects	325,000	320,001	4,999	272,146
Total expenditures	2,000,000	1,486,193	513,807	1,638,180
Deficiency of revenues under expenditures / net change in fund balances	-	(42,805)	(42,805)	(41,190)
Fund balances - beginning	1,065,347	1,065,347	-	1,106,537
Fund balances - ending	\$ 1,065,347	\$ 1,022,542	\$ (42,805)	\$ 1,065,347

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, 2019 with Comparative Totals for 2018

	2019			2018
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 2,117,806	\$ 1,923,639	\$ (194,167)	\$ 1,746,911
Expenditures:				
Other objects	2,117,806	1,923,639	194,167	1,746,911
Excess of revenues over expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<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, 2019 through 2015

	2019	2018	2017	2016	2015
Assets:					
Cash and investments	\$ 43,665,638	\$ 41,263,145	\$ 39,206,467	\$ 33,399,291	\$ 37,560,982
Receivables:					
Property taxes	26,881,423	23,451,522	24,163,178	23,396,278	21,295,069
Other local	821,005	623,351	25,221	35,304	139,808
State of Utah	807,480	498,838	474,610	185,324	243,508
Federal government	2,127,671	631,680	1,232,868	1,983,737	729,508
Inventories	543,505	378,084	675,329	503,966	738,547
Net OPEB asset	-	-	245,190	296,416	259,073
Net pension asset	-	-	-	830	11,167
Capital assets:					
Land and construction in progress	17,741,806	17,741,806	17,741,806	18,939,099	56,137,065
Buildings and equipment, net of accumulated depreciation	75,760,480	77,830,054	80,053,753	80,061,225	39,668,319
Total assets	<u>168,349,008</u>	<u>162,418,480</u>	<u>163,818,422</u>	<u>158,801,470</u>	<u>156,783,046</u>
Deferred outflows of resources:					
Deferred amounts on refundings	332,321	369,716	407,111	444,506	481,902
Related to pensions	12,229,264	11,313,986	9,435,293	8,517,914	2,762,584
Total deferred outflows of resources	<u>12,561,585</u>	<u>11,683,702</u>	<u>9,842,404</u>	<u>8,962,420</u>	<u>3,244,486</u>
Liabilities:					
Accounts payable	1,166,080	857,360	535,555	375,991	3,894,509
Accrued interest	500,120	547,840	584,628	619,798	660,735
Accrued salaries and benefits	5,228,800	5,065,419	4,787,558	4,671,164	5,057,777
Unearned revenue:					
Other local	117,841	99,855	115,950	106,203	58,498
State of Utah	548,567	1,393,879	2,108,820	1,570,175	857,831
Federal government	57,446	57,446	49,093	40,538	47,198
Noncurrent liabilities:					
Due and payable within one year	3,307,539	3,309,979	3,306,390	2,218,533	2,644,432
Due and payable after one year	72,692,553	64,814,577	68,908,024	72,843,821	69,722,084
Total liabilities	<u>83,618,946</u>	<u>76,146,355</u>	<u>80,396,018</u>	<u>82,446,223</u>	<u>82,943,064</u>
Deferred inflows of resources:					
Property taxes levied for future year	26,593,851	23,160,133	23,842,069	22,965,176	20,998,960
Related to pensions	650,337	9,255,545	3,389,069	2,386,396	1,737,631
Total deferred outflows of resources	<u>27,244,188</u>	<u>32,415,678</u>	<u>27,231,138</u>	<u>25,351,572</u>	<u>22,736,591</u>
Net position:					
Net investment in capital assets	51,618,959	50,864,831	50,356,832	48,919,895	48,136,484
Restricted for:					
Debt service	2,720,607	2,679,313	2,639,637	2,189,891	1,715,988
Capital projects	16,769,143	13,034,513	12,456,672	10,516,767	8,353,011
School lunch services	477,660	707,834	836,304	571,045	533,623
Unrestricted	(1,538,910)	(1,746,342)	(255,775)	(2,231,503)	(4,391,229)
Total net position	<u>\$ 70,047,459</u>	<u>\$ 65,540,149</u>	<u>\$ 66,033,670</u>	<u>\$ 59,966,095</u>	<u>\$ 54,347,877</u>

Note: 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, 2019 through 2015

	2019	2018	2017	2016	2015
Expenses:					
Instruction	\$ 36,088,086	\$ 34,816,927	\$ 32,430,681	\$ 32,176,391	\$ 30,548,060
Supporting services:					
Student	2,561,160	2,274,248	2,190,849	1,990,083	1,837,703
Instructional staff	2,268,621	1,684,478	1,228,378	1,200,999	1,263,491
General administration	1,320,372	1,392,676	1,218,070	1,411,449	852,698
School administration	3,310,383	2,983,957	2,853,444	2,651,626	2,538,263
Central	2,079,318	2,118,725	1,876,871	1,707,696	1,480,253
Operation and maintenance of facilities	5,293,799	4,831,161	4,509,905	4,130,799	4,074,009
Student transportation	1,464,532	1,222,761	1,162,782	1,045,555	1,038,743
School lunch services	3,059,193	2,696,988	2,290,196	2,286,043	1,827,757
Community services	2,996,886	2,756,698	2,516,963	2,555,574	2,424,603
Interest on long-term liabilities	1,227,934	1,331,182	1,424,857	1,469,046	1,502,680
Total school district	<u>61,670,284</u>	<u>58,109,801</u>	<u>53,702,996</u>	<u>52,625,261</u>	<u>49,388,260</u>
Program revenues:					
Instruction	9,517,304	9,587,562	9,419,031	8,759,257	7,619,078
Supporting services:					
Student	654,379	515,398	586,235	419,119	504,785
Instructional staff	683,230	316,312	278,549	237,677	273,959
General administration	308,248	270,991	263,039	195,856	120,730
School administration	1,506	1,723	1,225	1,236	91
Central	424	7,075	590	371	-
Operation and maintenance of facilities	49,910	30,326	59,705	65,005	74,762
Student transportation	393,149	373,292	404,415	407,035	367,727
School lunch services	2,608,119	2,438,935	2,415,906	2,244,722	2,077,146
Community services	497,567	582,030	556,158	544,584	525,789
Total program revenues	<u>14,713,836</u>	<u>14,123,644</u>	<u>13,984,853</u>	<u>12,874,862</u>	<u>11,564,067</u>
Net (expense) revenue	<u>(46,956,448)</u>	<u>(43,986,157)</u>	<u>(39,718,143)</u>	<u>(39,750,399)</u>	<u>(37,824,193)</u>
General revenues:					
Property taxes	26,228,909	25,538,695	25,005,533	25,089,613	21,799,930
Federal and state aid not restricted to specific purposes	19,447,283	19,574,638	18,878,057	18,403,773	18,700,055
Earnings on investments	1,327,300	784,501	457,102	249,614	198,425
Miscellaneous	4,460,266	2,148,358	1,445,026	1,625,617	1,467,756
Total general revenues	<u>51,463,758</u>	<u>48,046,192</u>	<u>45,785,718</u>	<u>45,368,617</u>	<u>42,166,166</u>
Change in net position	4,507,310	4,060,035	6,067,575	5,618,218	4,341,973
Net position - beginning	<u>65,540,149</u>	<u>61,480,114</u>	<u>59,966,095</u>	<u>54,347,877</u>	<u>50,005,904</u>
Net position - ending	<u>\$ 70,047,459</u>	<u>\$ 65,540,149</u>	<u>\$ 66,033,670</u>	<u>\$ 59,966,095</u>	<u>\$ 54,347,877</u>

Note: 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, 2019 through 2015

	2019	2018	2017	2016	2015
Assets:					
Cash and investments	\$ 18,995,558	\$ 20,130,989	\$ 18,611,032	\$ 16,039,637	\$ 15,433,095
Accounts receivable:					
Property taxes	18,171,175	15,916,142	15,710,095	16,676,650	15,424,736
Other local	788,740	595,904	-	17,090	106,555
State of Utah	677,699	397,266	306,229	35,943	149,154
Federal government	2,050,374	613,976	1,216,588	1,920,859	665,967
Inventories	543,505	378,084	675,329	503,966	738,547
Total assets	<u>\$ 41,227,051</u>	<u>\$ 38,032,361</u>	<u>\$ 36,519,273</u>	<u>\$ 35,194,145</u>	<u>\$ 32,518,054</u>
Liabilities:					
Accounts payable	\$ 792,672	\$ 523,422	\$ 182,869	\$ 56,229	\$ 274,946
Accrued salaries and benefits	5,187,079	5,024,213	4,750,330	4,638,751	5,029,791
Unearned revenue:					
Other local	48,883	28,218	35,212	30,188	20,819
State sources	538,678	1,383,990	2,094,850	1,559,328	845,423
Federal sources	1,660	1,660	7,681	2,540	2,135
Total liabilities	<u>6,568,972</u>	<u>6,961,503</u>	<u>7,070,942</u>	<u>6,287,036</u>	<u>6,173,114</u>
Deferred inflows of resources:					
Unavailable property taxes	316,986	319,154	324,247	338,995	227,590
Property taxes levied for future year	17,986,605	15,723,305	15,495,618	16,363,283	15,233,080
Total deferred inflows of resources	<u>18,303,591</u>	<u>16,042,459</u>	<u>15,819,865</u>	<u>16,702,278</u>	<u>15,460,670</u>
Fund balances:					
Nonspendable:					
Inventories	543,504	378,084	675,329	503,966	738,547
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	8,572,626	7,411,957	5,714,779	4,462,507	2,907,365
Total fund balances	<u>16,354,488</u>	<u>15,028,399</u>	<u>13,628,466</u>	<u>12,204,831</u>	<u>10,884,270</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 41,227,051</u>	<u>\$ 38,032,361</u>	<u>\$ 36,519,273</u>	<u>\$ 35,194,145</u>	<u>\$ 32,518,054</u>

MURRAY CITY SCHOOL DISTRICT
GENERAL FUND
COMPARATIVE STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
Years Ended June 30, 2019 through 2015 with Proposed Budget for 2020

	Proposed Budget 2020	2019	2018	2017	2016	2015
Revenues:						
Property taxes	\$ 21,220,129	\$ 18,173,545	\$ 17,406,190	\$ 15,591,759	\$ 15,137,038	\$ 13,085,134
Earnings on investments	480,397	539,145	381,216	128,291	69,374	46,091
Other local	1,639,799	1,894,602	2,276,380	1,593,311	1,705,920	1,103,353
State of Utah	26,620,833	27,088,832	26,389,450	24,318,745	23,248,802	23,464,081
Federal government	2,236,990	2,052,800	2,271,073	2,312,229	2,178,252	2,036,473
Total revenues	<u>52,198,148</u>	<u>49,748,924</u>	<u>48,724,309</u>	<u>43,944,335</u>	<u>42,339,386</u>	<u>39,735,132</u>
Expenditures:						
Current:						
Instruction	34,940,093	31,311,979	31,364,190	28,588,718	26,908,029	26,021,870
Support services:						
Student	2,523,415	2,459,525	2,327,366	2,180,109	2,017,310	1,910,815
Instructional staff	2,098,543	2,199,441	1,712,958	1,221,113	1,212,529	1,305,622
General administration	1,291,412	1,064,735	1,190,590	987,661	1,413,897	772,274
School administration	3,453,864	3,107,339	2,972,159	2,764,263	2,636,419	2,598,100
Central	1,822,073	1,657,242	1,576,507	1,600,524	1,532,158	1,363,418
Operation and maintenance of facilities	4,525,818	4,973,464	4,185,158	3,726,625	3,500,308	3,498,596
Student transportation	1,037,804	960,051	963,357	865,633	786,629	789,440
Community services	692,477	687,170	661,980	586,054	541,011	478,655
Capital outlay	627	1,889	370,111	-	470,535	-
Total expenditures	<u>52,386,126</u>	<u>48,422,835</u>	<u>47,324,376</u>	<u>42,520,700</u>	<u>41,018,825</u>	<u>38,738,790</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(187,978)	1,326,089	1,399,933	1,423,635	1,320,561	996,342
Fund balances - beginning	<u>16,354,488</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>
Fund balances - ending	<u>\$ 16,166,510</u>	<u>\$ 16,354,488</u>	<u>\$ 15,028,399</u>	<u>\$ 13,628,466</u>	<u>\$ 12,204,831</u>	<u>\$ 10,884,270</u>

Source: District records

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

Tax (Calendar) Years 2018 through 2014

	2018		2017	2016	2015	2014
	Taxable Value	% of TV	Taxable Value	Taxable Value	Taxable Value	Taxable Value
Set by state tax commission-centrally assessed	\$ 61,248,796	1.4 %	\$ 54,803,577	\$ 48,818,339	\$ 42,490,546	\$ 42,490,546
Set by county assessor-locally assessed						
Real property:						
Primary residential	1,835,177,218	42.3	1,689,092,294	1,551,738,071	1,447,157,492	1,373,960,677
Other residential	25,099,440	0.6	21,461,160	25,210,470	23,600,990	23,322,500
Commercial and industrial	2,067,715,840	47.7	1,874,356,590	1,710,378,590	1,526,082,590	1,435,243,980
Agriculture buildings	7,800	0.0	12,120	12,420	10,480	9,510
Farmland assessment act (FAA)	2,250	0.0	5,850	-	-	-
Unimproved non FAA	-	0.0	-	5,700	6,110	6,240
Total real property	<u>3,928,002,548</u>	<u>90.5</u>	<u>3,584,928,014</u>	<u>3,287,345,251</u>	<u>2,996,857,662</u>	<u>2,832,542,907</u>
Personal property:						
Primary mobile homes	5,084,993	0.1	5,115,812	5,108,191	5,120,520	5,159,803
Secondary mobile homes	172,884	0.0	260,577	134,443	103,088	75,225
Other business personal	249,411,057	5.7	234,627,183	223,028,985	210,961,992	211,786,307
SCME	-	0.0	37,473	49,853	63,608	-
Total personal property	<u>254,668,934</u>	<u>5.9</u>	<u>240,041,045</u>	<u>228,321,472</u>	<u>216,249,208</u>	<u>217,021,335</u>
Fee in lieu property	<u>95,450,985</u>	<u>2.2</u>	<u>99,960,160</u>	<u>100,494,886</u>	<u>96,478,395</u>	<u>88,985,799</u>
Total locally assessed	<u>4,278,122,467</u>	<u>98.6</u>	<u>3,924,929,219</u>	<u>3,616,161,609</u>	<u>3,309,585,265</u>	<u>3,138,550,041</u>
Total taxable value (TV)	<u>\$ 4,339,371,263</u>	<u>100.0 %</u>	<u>\$ 3,979,732,796</u>	<u>\$ 3,664,979,948</u>	<u>\$ 3,352,075,811</u>	<u>\$ 3,181,040,587</u>
Total taxable value (less fee in lieu)	<u>\$ 4,243,920,278</u>		<u>\$ 3,879,772,636</u>	<u>\$ 3,564,485,062</u>	<u>\$ 3,255,597,416</u>	<u>\$ 3,092,054,788</u>

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

Years Ended June 30, 2019 through 2015 with Proposed Budget for 2020

	Proposed Budget 2020		2019		2018		2017		2016		2015	
	Tax Rate	Budgeted Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections	Tax Rate	Collections
General fund:												
Basic levy	0.001661	\$ 7,326,225	0.001666	\$ 6,919,943	0.001568	\$ 6,088,804	0.001675	\$ 2,882,479	0.001736	\$ 5,611,432	0.001419	\$ 4,318,543
Voted local levy	0.001694	7,471,779	0.001786	7,418,379	0.001786	6,935,333	0.007860	13,526,145	0.001697	5,485,369	0.001786	5,435,460
Board local levy	0.001470	6,483,776	0.000835	3,468,279	0.000992	3,852,100	0.000927	1,595,259	0.001249	4,037,257	0.001097	3,338,578
Total general fund	0.004825	21,281,780	0.004287	17,806,601	0.004346	16,876,237	0.010462	18,003,883	0.004682	15,134,058	0.004302	13,092,581
Debt service fund:												
Debt service	0.000849	3,744,711	0.000908	3,771,494	0.001009	3,918,114	0.001102	1,896,414	0.001211	3,914,426	0.001277	3,870,873
Capital projects fund:												
Capital local	0.000613	2,703,779	0.000646	2,683,243	0.000775	3,009,453	0.000201	345,898	0.000593	1,916,808	0.000667	2,029,928
Capital outlay equalized	-	-	-	10,788	-	10,483	0.000600	3,174,385	0.000600	2,405,701	0.000600	1,281,290
Total capital projects fund	0.000613	2,703,779	0.000646	2,694,031	0.000775	3,019,936	0.000801	3,520,283	0.001193	4,322,509	0.001267	3,311,218
Total tax rate / collections	0.006287	\$ 27,730,270	0.005841	\$ 24,272,126	0.006130	\$ 23,814,287	0.012365	\$ 23,420,580	0.007086	\$ 23,370,993	0.006846	\$ 20,290,184

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 pass-through taxes collected and remitted directly to the redevelopment agencies for redevelopment projects and the State of Utah for charter schools.

MURRAY CITY SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2019

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MURRAY CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2019

Grantor/Pass-through Grantor/Program Title	CFDA Number	Pass-through Entity's Identifying Number	District's Program Number	Receivable (Unearned) June 30, 2018	Received	Expended	Receivable (Unearned) June 30, 2019
U.S. DEPARTMENT OF AGRICULTURE:							
Passed Through State of Utah Board of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	SBP	8001	\$ 537	\$ 307,981	\$ 311,593	\$ 4,149
National School Lunch Program	10.555	NSLF, NSLP, ASSP	8001	17,167	961,771	970,386	25,782
National School Lunch Program (Donated Commodities)	10.555	n/a	8001	-	176,406	176,406	-
Total Child Nutrition Cluster				17,704	1,446,158	1,458,385	29,931
Passed Through Salt Lake County:							
<i>Forest Service Schools and Roads Cluster:</i>							
Schools and Roads - Grants to States	10.665	n/a	0050	562	1,579	1,017	-
Total U.S. Department of Agriculture				18,266	1,447,737	1,459,402	29,931
U.S. DEPARTMENT OF EDUCATION:							
Passed Through State of Utah Board of Education:							
<i>Special Education Cluster (IDEA):</i>							
Special Education Grants to States	84.027	FTD	7551	154,148	155,798	1,028,388	1,026,738
Special Education Preschool Grants	84.173	PRE	7550	-	34,444	34,444	-
Total Special Education Cluster (IDEA)				154,148	190,242	1,062,832	1,026,738
Direct:							
Indian Education - Grants to Local Educational Agencies	84.060	n/a	7608	(474)	6,967	6,967	(474)
Passed Through State of Utah Board of Education:							
Title I Grants to Local Educational Agencies	84.010	T1FT	7511	290,156	284,886	705,108	710,378
Career and Technical Education - Basic Grants to States	84.048	FLEA, LDSP	6000	61,060	61,060	71,015	71,015
English Language Acquisition State Grants	84.365	ELFT	7507	9,410	9,410	40,008	40,008
Supporting Effective Instruction State Grants	84.367	2FT	7505	33,967	33,967	123,671	123,671
Student Support and Academic Enrichment Program	84.424	4AFT	7905	20,044	20,339	295	-
Total U.S. Department of Education				568,311	606,871	2,009,896	1,971,336
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed Through State of Utah Board of Education:							
<i>Temporary Assistance for Needy Families Cluster:</i>							
Temporary Assistance for Needy Families	93.558	PCA	5688	31,774	38,302	47,365	40,837
Passed Through DDI Vantage:							
Head Start	93.600	n/a	1280	(45,589)	-	-	(45,589)
Passed Through Jordan School District:							
Block Grants for Prevention and Treatment of Substance Abuse	93.959	n/a	7609	(1,186)	-	-	(1,186)
Total U.S. Department of Health and Human Services				(15,001)	38,302	47,365	(5,938)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:							
Passed Through Ogden School District:							
AmeriCorps	94.006	n/a		2,658	2,658	-	-
Total federal awards				\$ 574,234	\$ 2,095,568	\$ 3,516,663	\$ 1,995,329

See the accompanying notes to this schedule.

MURRAY CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note A. Basis for Presentation – The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Murray City School District (the District) under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of the District.

Note B. Summary of Significant Accounting Policies – Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the District’s basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Donated food commodities are recorded at acquisition value in the *school food services fund* as an inventory asset and federal revenue when received totaling \$176,406 for the year ended June 30, 2019. Donated food commodity inventories are recorded as expenditures in the *school food services fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note C. Relationship to the District’s Financial Statements – The District received Medical Assistance Program grant monies through the State of Utah Department of Health. This federal grant is not classified as federal financial assistance. A reconciliation of federal revenue as reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2019 is as follows:

General Fund	\$ 2,052,800
Special Revenue Funds:	
Non K-12 Programs	81,809
School Lunch	<u>1,458,385</u>
Total governmental funds	3,592,994
 Medical Assistance Program grant monies received through State of Utah Department of Health	 <u>(76,331)</u>
Total federal revenue reported on the Schedule of Expenditures of Federal Awards (SEFA)	 <u><u>\$ 3,516,663</u></u>

Note D. Subrecipients of Federal Awards – The District did not provide federal award funding to any subrecipients during the year ended June 30, 2019.



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Education
Murray City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, 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, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 26, 2019.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Squire & Company, PC

Orem, Utah
November 26, 2019



Independent Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of Education
Murray City School District

Report on Compliance for Each Major Federal Program

We have audited the compliance of Murray City School District (the District) with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2019.

The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Murray City School District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 26, 2019, which contained unmodified opinions on those basic financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Squire & Company, PC

Orem, Utah
November 26, 2019

MURRAY CITY SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

No matters were reported in the prior year audit.

MURRAY CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 Year Ended June 30, 2019

I. Summary of auditor's results:

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

-Material weaknesses identified? yes no

-Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

-Material weaknesses identified? yes no

-Significant deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? yes no

II. Financial statement findings:
 No matters were reported.

III. Federal award findings and questioned costs:
 No matters were reported.



Independent Auditor's Report on Compliance
and Report on Internal Control over Compliance
Required by the *State Compliance Audit Guide*

Board of Education
Murray City School District

Report on Compliance

We have audited the compliance of Murray City School District (the District) with the following applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2019.

Minimum School Program
Budgetary Compliance
Fund Balance
Utah Retirement Systems
School District Tax Levies
Open and Public Meetings Act
Public Treasurer's Bond
Cash Management
School Fees

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on the District's compliance based on our audit of the state compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the District's compliance with those requirements.

Opinion on Compliance

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Budgetary Compliance – Title 53G-7-307 requires the District expenditures do not exceed the budgeted amounts. The District’s actual expenditures exceeded budgeted amounts by \$270,137 in the food service fund. We recommend the District review and amend its budget when the District incurs expenditures in excess of budgeted amounts.

Utah Retirement Systems – Utah Code 49-11-602(1) requires the District to maintain records necessary to calculate benefits, including leaves of absence. We noted, during our audit, the District had not notified Utah Retirement Systems (URS) in writing of the status of an eligible member who was on leave. The District subsequently notified URS as required. We recommend the District establish a process to ensure leaves of absence are reported to URS timely using the proper notification form (MELV-1) each time an employee is on unpaid leave, as required.

Views of responsible officials – We appreciate your recommendations. We have reviewed these items and made necessary changes.

The District’s response to the noncompliance findings identified in our audit is described above. The District’s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District’s internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District’s internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Squire & Company, PC

Orem, Utah
November 26, 2019