

Moab City Corporation
Grand County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2015

Moab City Corporation
TABLE OF CONTENTS
June 30, 2015

	<u>Beginning on page</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	3
BASIC FINANCIAL STATEMENTS	13
Government-wide Financial Statements:	
Statement of Net Position	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	19
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Net Position - Proprietary Funds	22
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	23
Statement of Cash Flows - Proprietary Funds	24
Notes to Financial Statements	26
REQUIRED SUPPLEMENTARY INFORMATION	45
Notes to Required Supplementary Information	47
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	48
Schedule of the Proportianate Share of the Net Pension Liability - Utah Retirement Systems	49
Schedule of Contributions - Utah Retirement Systems	50
Notes to Required Supplementary Information - Utah Retirement Systems	51

(Continued on following page)

Moab City Corporation
TABLE OF CONTENTS
June 30, 2015

	Beginning <u>on page</u>
OTHER REPORTS	
Report on Internal control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	53
Independent Auditors' Report on Compliance in Accordance with the <i>State Compliance Audit Guide</i>	55



INDEPENDENT AUDITORS' REPORT

Honorable Mayor
Members of the City Council
Moab, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moab City, Utah (herein referred to as the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' 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. 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moab City, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 13, 2015 on our consideration of Moab City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Moab City's internal control over financial reporting and compliance.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information on pages 3–11 and 47–51 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Larson & Company, PC

Spanish Fork, Utah
November 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

As management of Moab City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2015.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$1,333,338.
- *Total unrestricted net position for the City as a whole increased by \$1,241,494.
- *Total net position for governmental activities increased by \$1,087,881.
- *Total net position for business-type activities increased by \$245,457.

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Moab City Corporation. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them 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 City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

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

Governmental funds. These funds are used to account for the same functions reported as governmental activities in 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.

Because of the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses two enterprise fund to account for the operations of the water, sewer and storm drain activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS

Moab City Corporation's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 5,482,678	4,129,654	4,383,582	4,721,834	9,866,260	8,851,488
Net capital assets	16,747,875	17,511,397	7,036,938	6,485,584	23,784,813	23,996,980
Deferred outflows	289,783	257,536	28,307	25,157	318,090	282,693
Total assets and deferred outflows	<u>22,520,336</u>	<u>21,898,587</u>	<u>11,448,827</u>	<u>11,232,574</u>	<u>33,969,163</u>	<u>33,131,162</u>
Current and other liabilities	2,012,675	2,428,274	189,840	240,092	2,202,515	2,668,365
Long-term liabilities	5,377,000	5,643,000	-	-	5,377,000	5,643,000
Deferred inflows	215,467	-	21,047	-	236,514	-
Total liabilities and deferred inflows	<u>7,605,141</u>	<u>8,071,274</u>	<u>210,887</u>	<u>240,092</u>	<u>7,816,029</u>	<u>8,311,365</u>
Net position:						
Net investment in capital assets	11,370,875	11,868,397	7,036,938	6,485,584	18,407,813	18,353,980
Restricted	118,848	80,836	2,413,127	2,413,127	2,531,975	2,493,963
Unrestricted	3,425,472	1,878,081	1,787,874	2,093,772	5,213,347	3,971,853
Total net position	<u>\$ 14,915,195</u>	<u>13,827,314</u>	<u>11,237,939</u>	<u>10,992,482</u>	<u>26,153,134</u>	<u>24,819,796</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows exceeded total liabilities and deferred inflows at the close of the year by \$26,153,134, an increase of \$1,333,338 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$5,213,347, which represents an increase of \$1,241,494 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

FINANCIAL ANALYSIS (continued)

Moab City Corporation's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 1,715,090	1,762,655	1,662,543	1,568,967	3,377,632	3,331,622
Operating grants	210,589	214,807	-	-	210,589	214,807
Capital grants	477,215	575,877	-	12,346	477,215	588,223
General revenues:						
Sales tax	1,738,623	1,559,020	-	-	1,738,623	1,559,020
Other taxes	5,336,833	4,653,190	-	-	5,336,833	4,653,190
Other revenues	149,610	222,571	172,124	274,057	321,733	496,629
Total revenues	<u>9,627,960</u>	<u>8,988,119</u>	<u>1,834,666</u>	<u>1,855,370</u>	<u>11,462,626</u>	<u>10,843,489</u>
Expenses:						
General government	2,011,390	2,229,657	-	-	2,011,390	2,229,657
Public safety	2,202,531	2,363,296	-	-	2,202,531	2,363,296
Highways and improvements	2,327,991	2,253,083	-	-	2,327,991	2,253,083
Parks and recreation	2,373,273	2,256,605	-	-	2,373,273	2,256,605
Interest on long-term debt	34,894	41,745	-	-	34,894	41,745
Water, sewer and storm drain	-	-	1,179,209	1,187,483	1,179,209	1,187,483
Total expenses	<u>8,950,079</u>	<u>9,144,386</u>	<u>1,179,209</u>	<u>1,187,483</u>	<u>10,129,288</u>	<u>10,331,869</u>
Excess (deficiency) before transfers and contributions	677,881	(156,267)	655,457	667,887	1,333,338	511,621
Transfers	(410,000)	(410,000)	410,000	410,000	-	-
Change in net position	<u>\$ 1,087,881</u>	<u>253,733</u>	<u>245,457</u>	<u>257,887</u>	<u>1,333,338</u>	<u>511,621</u>

Total revenues increased by \$619,137, while total expenses decreased by \$202,580. The total net increase for the year of \$1,333,338 is an increase from the previous year of \$821,717.

Governmental activities revenues of \$9,627,960 is an increase of \$639,841 from the previous year. This is primarily due to an increase in tax revenues compared to the previous year. Governmental activities expenses of \$8,950,079 is a decrease of \$194,307 from the previous year. While spending within the the highways and improvements and parks and recreation departments increased during the year, spending within the general government and public safety departments decreased.

Business-type activities revenues of \$1,834,666 is a decrease of \$20,704 from the previous year. Business-type activities expenses of \$1,179,209 is a decrease of \$8,273 from the previous year.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position and any restrictions on those amounts is described below:

General Fund

The fund balance of \$2,428,450 reflects an increase of \$242,538 from the previous year. Total revenues increased by \$824,879. Tax revenues increased by \$863,246. Revenue from licenses and permits decreased by \$67,239. Intergovernmental revenues increased by \$47,465. Revenue from charges for services decreased by \$12,864. Revenue from fines and forfeitures increased by \$32,493. All other revenues decreased by \$38,228.

Total expenditures, excluding transfers out, decreased by \$104,660. Expenditure changes from the previous year, by department, were: general government decreased by \$99,829; public safety decreased by \$84,768; streets and highways increased by \$50,875; and parks and recreation increased by \$52,288. Capital outlay expenditures increased by \$126,620. Expenditures for principal decreased by \$143,861, while expenditures for interest decreased by \$5,985.

The fund balance restricted for Class C roads is \$118,848. The unassigned fund balance amounts to \$2,309,602.

Capital Projects Fund

The fund balance of \$2,678,094 reflects an increase of \$1,156,935 from the previous year. Total revenue, excluding transfers, decreased by \$158,082. In the prior year, revenues from grants were higher. Expenses decreased during the year by \$223,463. A transfer in was made during the year from the general fund for \$1,733,500.

Water and Sewer Fund

Net income amounted to \$172,918, which is an increase of \$7,756 from the previous year net income. The amount restricted for construction is \$2,413,127. Unrestricted net position amounts to \$598,966.

Storm Drain Fund

The change in net position (net income) was \$72,539. Unrestricted net position amounts to \$1,213,600.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$7,984,800. Budgeted revenues were amended during the year to \$8,061,038. Actual revenues amounted to \$9,042,668.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$8,419,577. Budgeted expenditures were amended during the year to \$8,495,815. Actual expenditures amounted to \$7,335,232.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

CAPITAL ASSETS AND DEBT ADMINISTRATION

Moab City Corporation's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land and water rights	\$ 476,884	476,884	262,935	262,935	739,819	739,819
Buildings	10,038,564	10,341,483	-	-	10,038,564	10,341,483
Improvements other than buildings	1,820,408	2,032,155	-	-	1,820,408	2,032,155
Machinery and equipment	1,556,156	1,720,838	345,663	413,911	1,901,819	2,134,748
Infrastructure	2,436,076	2,577,978	-	-	2,436,076	2,577,978
Water system	-	-	2,135,723	2,244,897	2,135,723	2,244,897
Sewer system	-	-	3,052,518	3,172,680	3,052,518	3,172,680
Work in progress	419,787	362,059	1,240,098	391,160	1,659,886	753,219
Totals	<u>\$ 16,747,875</u>	<u>17,511,397</u>	<u>7,036,938</u>	<u>6,485,584</u>	<u>23,784,813</u>	<u>23,996,980</u>

The total amount of capital assets, net of depreciation, of \$23,784,813 is a decrease of \$212,168 from the previous year.

Governmental activities capital assets, net of depreciation, of \$16,747,875 is a decrease of \$763,522 from the previous year.

Business-type activities capital assets, net of depreciation, of \$7,036,938 is an increase of \$551,354 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

Moab City Corporation's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2003 Sales Tax Revenue	\$ 1,377,000	1,452,000
2009 Sales Tax Revenue	4,000,000	4,191,000
Total outstanding debt	<u>\$ 5,377,000</u>	<u>5,643,000</u>

Additional information regarding long-term liabilities may be found in the notes to financial statements.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2015

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Moab City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City Recorder, 217 East Center Street, Moab, UT 84532.

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BASIC FINANCIAL STATEMENTS

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Moab City Corporation
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,496,803	3,523,259	8,020,062
Accounts receivable, net of allowances	102,901	111,665	214,566
Due from other governments	760,603	-	760,603
Other current assets	878	-	878
Total current assets	5,361,185	3,634,924	8,996,109
Non-current assets:			
Restricted cash and cash equivalents	118,848	748,400	867,248
Capital assets:			
Not being depreciated	896,671	1,503,034	2,399,705
Net of accumulated depreciation	15,851,203	5,533,904	21,385,108
Net pension asset	2,646	258	2,904
Total non-current assets	16,869,368	7,785,596	24,654,965
Total assets	22,230,553	11,420,520	33,651,073
Deferred outflows of resources - pensions	289,783	28,307	318,090
Total assets and deferred outflows of resources	\$ 22,520,336	11,448,827	33,969,163
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	236,820	26,042	262,862
Customer security deposits	-	2,925	2,925
Accrued interest payable	25,819	-	25,819
Revenue bond due within one year	268,000	-	268,000
Total current liabilities	530,639	28,967	559,606
Non-current liabilities:			
Compensated absences	395,066	28,517	423,583
Revenue bonds due after one year	5,109,000	-	5,109,000
Net pension liability	1,354,969	132,357	1,487,326
Total non-current liabilities	6,859,036	160,874	7,019,909
Total liabilities	7,389,675	189,840	7,579,515
Deferred inflows of resources - pensions	215,467	21,047	236,514
Total liabilities and deferred inflow of resources	7,605,141	210,887	7,816,029
NET POSITION:			
Net investment in capital assets	11,370,875	7,036,938	18,407,813
Restricted:			
Class C roads	118,848	-	118,848
Construction	-	2,413,127	2,413,127
Unrestricted	3,425,472	1,787,874	5,213,347
Total net position	14,915,195	11,237,939	26,153,134
Total liabilities, deferred inflows of resources, and net position	\$ 22,520,336	11,448,827	33,969,163

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

Moab City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 2,011,390	1,233,115	-	105,801	(672,473)
Public safety	2,202,531	24,345	24,057	-	(2,154,129)
Streets and highways	2,327,991	-	186,532	-	(2,141,458)
Parks and recreation	2,373,273	457,629	-	371,414	(1,544,230)
Interest on long-term debt	34,894	-	-	-	(34,894)
Total governmental activities	<u>8,950,079</u>	<u>1,715,090</u>	<u>210,589</u>	<u>477,215</u>	<u>(6,547,185)</u>
Business-type activities:					
Water and sewer utilities	1,155,833	1,521,627	-	159,533	525,328
Storm drain utility	23,377	140,916	-	-	117,539
Total business-type activities	<u>1,179,209</u>	<u>1,662,543</u>	<u>-</u>	<u>159,533</u>	<u>642,867</u>
Total primary government	<u>\$ 10,129,288</u>	<u>3,377,632</u>	<u>210,589</u>	<u>636,748</u>	<u>(5,904,318)</u>

(The statement of activities continues on following page)

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

Moab City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2015

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	<u>\$ (6,547,185)</u>	<u>642,867</u>	<u>(5,904,318)</u>
General revenues:			
Sales tax	1,738,623	-	1,738,623
Other taxes	5,336,833	-	5,336,833
Unrestricted investment earnings	33,361	12,590	45,951
Miscellaneous	89,923	-	89,923
Transfers in (out)	<u>410,000</u>	<u>(410,000)</u>	<u>-</u>
Total general revenues and transfers	<u>7,635,066</u>	<u>(397,410)</u>	<u>7,237,656</u>
Change in net position	1,087,881	245,457	1,333,338
Net position - beginning, restated	<u>13,827,314</u>	<u>10,992,482</u>	<u>24,819,796</u>
Net position - ending	<u><u>\$ 14,915,195</u></u>	<u><u>11,237,939</u></u>	<u><u>26,153,134</u></u>

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

Moab City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,655,354	2,699,602	141,847	4,496,803
Accounts receivable, net of allowances	863,504	-	-	863,504
Other current assets	878	-	-	878
Restricted cash and cash equivalents	118,848	-	-	118,848
TOTAL ASSETS	<u>\$ 2,638,584</u>	<u>2,699,602</u>	<u>141,847</u>	<u>5,480,033</u>
LIABILITIES				
Accounts payable	\$ 148,604	10,408	5,179	164,190
Accrued liabilities	61,531	11,100	-	72,630
TOTAL LIABILITIES	<u>210,134</u>	<u>21,507</u>	<u>5,179</u>	<u>236,820</u>
FUND BALANCES:				
Restricted for:				
Class C roads	118,848	-	-	118,848
Assigned for:				
Capital projects	-	2,303,094	-	2,453,094
USU Set-aside	-	375,000	-	225,000
Recreation	-	-	133,568	133,568
Youth city council	-	-	3,100	3,100
Unassigned	2,309,602	-	-	2,309,602
TOTAL FUND BALANCES	<u>2,428,450</u>	<u>2,678,094</u>	<u>136,668</u>	<u>5,243,212</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2,638,584</u>	<u>2,699,602</u>	<u>141,847</u>	<u>5,480,033</u>

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

Moab City Corporation
**STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2015

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Sales	\$ 1,738,623	-	-	1,738,623
Other taxes	5,336,833	-	-	5,336,833
Licenses and permits	185,284	-	-	185,284
Intergovernmental revenues	316,390	284,750	86,664	687,804
Charges for services	1,291,815	-	151,629	1,443,444
Fines and forfeitures	86,362	-	-	86,362
Interest	23,273	9,764	324	33,361
Miscellaneous revenue	64,087	41,924	10,237	116,249
Total revenues	<u>9,042,668</u>	<u>336,437</u>	<u>248,855</u>	<u>9,627,960</u>
EXPENDITURES:				
General government	1,728,988	-	-	1,728,988
Public safety	2,197,083	-	-	2,197,083
Highways and public improvements	2,065,647	60,563	-	2,126,210
Parks, recreation and public property	1,187,679	453,803	392,620	2,034,101
Capital outlay	155,835	96,337	-	252,171
Debt service:				
Principal	-	266,000	-	266,000
Interest	-	36,300	-	36,300
Total expenditures	<u>7,335,232</u>	<u>913,002</u>	<u>392,620</u>	<u>8,640,854</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,707,436</u>	<u>(576,565)</u>	<u>(143,765)</u>	<u>987,106</u>
Other Financing Sources and (Uses):				
Transfers in	410,000	1,733,500	141,398	2,284,898
Transfers (out)	(1,874,898)	-	-	(1,874,898)
Total other financing sources and (uses)	<u>(1,464,898)</u>	<u>1,733,500</u>	<u>141,398</u>	<u>410,000</u>
Net Change in Fund Balances	242,538	1,156,935	(2,367)	1,397,106
Fund balances - beginning	2,185,911	1,521,159	139,036	3,846,106
Fund balances - end of year	<u>\$ 2,428,450</u>	<u>2,678,094</u>	<u>136,668</u>	<u>5,243,212</u>

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

Moab City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 For the Year Ended June 30, 2015

Total Fund Balances for Governmental Funds	<u>\$ 5,243,212</u>
Total net position reported for governmentnal activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	25,162,424
Less accumulated depreciation	<u>(8,414,549)</u>
Net capital assets	<u>16,747,875</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>2,646</u>
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>289,783</u>
Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(5,377,000)</u>
Interest accrued but not yet paid on long-term debt	<u>(25,819)</u>
Compensated absences	<u>(395,066)</u>
Net pension liability	<u>(1,354,969)</u>
Deferred inflows of resources - pensions	<u>(215,467)</u>
Total Net Position of Governmetnal Activities	<u><u>\$ 14,915,195</u></u>

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

Moab City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2015

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,397,106</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	252,171
Depreciation expense	<u>(1,015,693)</u>
Net	<u>(763,522)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>171,100</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	<u>266,000</u>
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>1,406</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental activities.</p>	
Change in compensated absences liability	<u>15,790</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,087,881</u></u>

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

Moab City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2015

	Water & Sewer Fund	Storm Drain Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 2,348,166	1,175,092	3,523,259
Accounts receivable, net	97,849	13,816	111,665
Total current assets	2,446,015	1,188,909	3,634,924
Non-current assets:			
Restricted cash and cash equivalents	748,400	-	748,400
Capital assets:			
Not being depreciated	1,478,343	24,691	1,503,034
Net of accumulated depreciation	5,533,904	-	5,533,904
Net pension asset	258	-	258
Total non-current assets	7,760,905	24,691	7,785,596
Total assets	10,206,920	1,213,600	11,420,520
Deferred outflows of resources - pensions	28,307	-	28,307
Total assets and deferred outflows of resources	\$ 10,235,227	1,213,600	11,448,827
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 26,042	-	26,042
Customer security deposits	2,925	-	2,925
Total current liabilities	28,967	-	28,967
Non-current liabilities:			
Compensated absences	28,517	-	28,517
Net pension liability	132,357	-	132,357
Total non-current liabilities	160,874	-	160,874
Total liabilities	189,840	-	189,840
Deferred inflows of resources - pensions	21,047	-	21,047
Total liabilities and deferred inflows of resources	210,887	-	210,887
NET POSITION:			
Net investment in capital assets	7,012,247	24,691	7,036,938
Restricted for:			
Construction	2,413,127	-	2,413,127
Unrestricted	598,966	1,188,909	1,787,874
Total net position	10,024,340	1,213,600	11,237,939
Total liabilities, deferred inflows of resources, and net position	\$ 10,235,227	1,213,600	11,448,827

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

Moab City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Water & Sewer Fund	Storm Drain Fund	Total
Operating income:			
Charges for sales and service	\$ 1,352,917	140,916	1,493,833
Connection fees	34,293	-	34,293
Other operating income	134,417	-	134,417
Total operating revenue	<u>1,521,627</u>	<u>140,916</u>	<u>1,662,543</u>
Operating expenses:			
Personnel services	269,439	-	269,439
Utilities	101,954	-	101,954
Repair & maintenance	45,479	23,377	68,856
Other supplies & expenses	427,506	-	427,506
Insurance expense	1,560	-	1,560
Depreciation expense	309,895	-	309,895
Total operating expense	<u>1,155,833</u>	<u>23,377</u>	<u>1,179,209</u>
Net operating income (loss)	<u>365,795</u>	<u>117,539</u>	<u>483,333</u>
Non-operating income (expense):			
Impact fees	159,533	-	159,533
Interest income	12,590	-	12,590
Transfers in (out)	(365,000)	(45,000)	(410,000)
Total non-operating income (expense)	<u>(192,876)</u>	<u>(45,000)</u>	<u>(237,876)</u>
Change in net position	172,918	72,539	245,457
Net position - beginning, restated	<u>9,851,421</u>	<u>1,141,061</u>	<u>10,992,482</u>
Net position - ending	<u>\$ 10,024,340</u>	<u>1,213,600</u>	<u>11,237,939</u>

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

Moab City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2015

	Water & Sewer Fund	Storm Drain Fund	Total
Cash flows from operating activities:			
Cash received from customers - service	\$ 1,524,194	140,304	1,664,498
Cash paid to suppliers	(560,189)	(29,526)	(589,716)
Cash paid to employees	(311,387)	-	(311,387)
Net cash provided (used) in operating activities	<u>652,619</u>	<u>110,777</u>	<u>763,396</u>
Cash flows from noncapital financing activities:			
Change in customer deposits	(750)	-	(750)
Net interfund activity	(365,000)	(45,000)	(410,000)
Net cash provided (used) in noncapital financing activities	<u>(365,750)</u>	<u>(45,000)</u>	<u>(410,750)</u>
Cash flows from capital and related financing activities:			
Cash from impact fees	159,533	-	159,533
Cash payments for capital assets	(861,249)	-	(861,249)
Net cash provided (used) in capital and related financing activities	<u>(701,716)</u>	<u>-</u>	<u>(701,716)</u>
Cash flows from investing activities:			
Cash received from interest earned	12,590	-	12,590
Net cash provided (used) in investing activities	<u>12,590</u>	<u>-</u>	<u>12,590</u>
Net increase (decrease) in cash	(402,257)	65,777	(336,480)
Cash balance, beginning	3,498,823	1,109,315	4,608,139
Cash balance, ending	<u>\$ 3,096,566</u>	<u>1,175,092</u>	<u>4,271,659</u>
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 2,348,166	1,175,092	3,523,259
Non-current restricted cash	748,400	-	748,400
Total cash and cash equivalents	<u>\$ 3,096,566</u>	<u>1,175,092</u>	<u>4,271,659</u>

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

Moab City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2015

**Reconciliation of Operating Income to Net
Cash Provided (Used) in Operating Activities:**

	Water & Sewer Fund	Storm Drain Fund	Total
Net operating income (loss)	\$ 365,795	117,539	483,333
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	309,895	-	309,895
Changes in assets and liabilities:			
(Increase) decrease in receivables	2,567	(612)	1,955
(Increase) decrease in non-current assets	(183)	-	(183)
(Increase) decrease in deferred outflows	(3,150)	-	(3,150)
Increase (decrease) in payables	(43,352)	(6,150)	(49,502)
Increase (decrease) in deferred inflows	21,047	-	21,047
Net cash provided (used) in operating activities	\$ 652,619	110,777	763,396

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Moab City Corporation (the City), a municipal corporation located in Grand County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the financial activities of the City.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of changes in net position report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of net position reports the financial position of the governmental and business-type activities of the City at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. *Program revenues* include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-C. Measurement focus, basis of accounting and financial statement presentation (continued)

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities. *Restricted assets, non-current* reports assets restricted for acquisition or construction of non-current assets, or are restricted for liquidation of long-term debt.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

The *general fund* is the government'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 *capital projects fund* accounts for financial resources used for the acquisition or construction of the capital facilities of the City (other than those of the enterprise funds).

The City reports the following as non-major governmental funds:

The *recreation fund* accounts for the revenues and expenditures for the activities relation to recreation.

The *youth city council fund* accounts for revenues and expenditures for activities with the youth city council.

Proprietary funds

The City reports the following major proprietary funds:

The *water and sewer fund* is used to account for the activities of water and sewer utilities.

The *storm drain fund* is used to account for the revenues and expenditures of the storm drain utility.

1-E. Assets, Liabilities, and Net Position or Equity

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 2.

1-E-2. Cash and Cash Equivalentents

The City's cash and cash equivalentents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-3. Receivables and Payables

Accounts receivable other than intergovernmental receivables are from customers primarily for utility services. Intergovernmental receivables are considered collectible. Customer accounts are reported net of an allowance for uncollectible accounts. The allowance amount is estimated using accounts receivable past due more than 90 days.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-3. Receivables and Payables (continued)

During the course of operations, there may be transactions occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either *due to or due from other funds*.

1-E-4. Restricted Assets

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net position.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash

1-E-5. Inventories and Prepaid items

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-6. Capital Assets (continued)

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Building and structures	30-45
Infrastructure	30
Vehicles and equipment	5-15

1-E-7. Long-term Obligations

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

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs are reported as expenditures.

1-E-8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include 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.

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

1-E-9. Pensions

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-E. Assets, Liabilities, and Net Position or Equity (continued)

1-E-10. Fund Equity

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When both committed, assigned, or unassigned resources are available for use, it is the City's policy to use committed resources first, followed by assigned resources and then unassigned resources as they are needed.

Equity is classified in the government-wide financial statements and in the proprietary fund financial statements as net assets and is displayed in three components as follows:

Net investment in capital assets represents capital assets, net of accumulated depreciation and reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net position is net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position are all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity is classified in governmental fund financial statements as fund balance and is further classified as nonspendable, restricted, committed, assigned or unassigned as follows:

Nonspendable fund balance cannot be spent because it is either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance is fund balance with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Committed fund balance includes amounts that can only be used for specific purposes established by formal action of the City Council, with is the City's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. The City Recorder is authorized to assign amounts to a specific purpose in accordance with the City's budget policy.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

1-F. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unassigned General Fund balance greater than 25% of the current year's actual revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

2-B. Deficit fund net assets

None of the City's funds have deficit balances.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2015 consist of the following:

	<u>Fair Value</u>
Demand deposits	\$ 522,477
Savings	1,433,552
Investments - PTIF	6,931,281
Total cash	\$ 8,887,310

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 8,020,062
Restricted cash and cash equivalents (non-current)	867,248
Total cash and cash equivalents	\$ 8,887,310

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-A. Deposits and investments (continued)

Deposit and Investment Risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2015, \$500,000 of the City's demand deposits are covered by FDIC insurance.

Custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

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. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year end for the City's funds are shown below:

	Governmental Activities	Business-type Activities	Total
Customers	\$ 92,288	111,665	203,953
Intergovernmental receivables	760,603	-	760,603
Other receivables	10,613	-	10,613
Total	\$ 863,504	111,665	975,169

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-D. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 476,884	-	-	476,884
Construction in progress	362,059	57,729	-	419,787
Total capital assets, not being depreciated	838,943	57,729	-	896,671
Capital assets, being depreciated:				
Buildings	12,116,787	-	-	12,116,787
Improvements other than buildings	3,796,221	-	-	3,796,221
Machinery and equipment	4,436,519	187,368	-	4,623,887
Infrastructure	3,721,782	7,075	-	3,728,857
Total capital assets, being depreciated	24,071,310	194,443	-	24,265,753
Less accumulated depreciation for:				
Buildings	1,775,304	302,920	-	2,078,224
Improvements other than buildings	1,764,066	211,747	-	1,975,813
Machinery and equipment	2,715,682	352,050	-	3,067,731
Infrastructure	1,143,804	148,977	-	1,292,781
Total accumulated depreciation	7,398,856	1,015,693	-	8,414,549
Total capital assets being depreciated, net	16,672,454	(821,251)	-	15,851,203
Governmental activities capital assets, net	\$ 17,511,397	(763,522)	-	16,747,875

Depreciation expense was charged to functions/programs of the primary government governmental activities as follows:

Governmental activities:	
General government	\$ 345,584
Public safety	76,258
Highways and public improvements	227,149
Parks, recreation and public property	366,702
Total	\$ 1,015,693

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-D. Capital assets (continued)

Capital asset activity for business-type activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 262,935	-	-	262,935
Construction in progress	391,160	848,938	-	1,240,098
Total capital assets, not being depreciated	654,096	848,938	-	1,503,034
Capital assets, being depreciated:				
Water system	5,483,679	12,311	-	5,495,990
Sewer system	6,931,477	-	-	6,931,477
Machinery & equipment	1,290,692	-	-	1,290,692
Total capital assets, being depreciated	13,705,847	12,311	-	13,718,158
Less accumulated depreciation for:				
Water system	3,238,782	121,485	-	3,360,267
Sewer system	3,758,797	120,162	-	3,878,959
Machinery & equipment	876,781	68,248	-	945,029
Total accumulated depreciation	7,874,359	309,895	-	8,184,254
Total capital assets being depreciated, net	5,831,488	(297,584)	-	5,533,904
Business-type activities capital assets, net	\$ 6,485,584	551,354	-	7,036,938

Depreciation expense was charged to functions/programs of the primary government business-type activities as follows:

Business-type activities:	
Water	\$ 160,124
Sewer	149,771
Total	\$ 309,895

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

3-E. Long-term debt

Long-term debt activity for the year was as follows:

	Original Principal	%	6/30/2014	Additions	Reductions	6/30/2015	Due Within One Year
<u>Governmental activities:</u>							
2003 Sales Tax Revenue Matures 10/1/2029	\$ 2,050,000	2.50	\$ 1,452,000	-	75,000	1,377,000	77,000
2009 Sales Tax Revenue Bonds Matures 10/1/2035	4,764,000	-	4,191,000	-	191,000	4,000,000	191,000
Total governmental activity long-term liabilities			<u>\$5,643,000</u>	<u>-</u>	<u>266,000</u>	<u>5,377,000</u>	<u>268,000</u>

	Principal	Interest	Total
2016	\$ 268,000	34,425	302,425
2017	270,000	32,500	302,500
2018	272,000	30,525	302,525
2019	274,000	28,500	302,500
2020	276,000	26,425	302,425
2021 - 2025	1,412,000	99,225	1,511,225
2026 - 2030	1,470,000	39,275	1,509,275
2031 - 2035	955,000	-	955,000
2036 - 2035	180,000	-	180,000
Total	<u>\$5,377,000</u>	<u>290,875</u>	<u>5,667,875</u>

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 410,857	(15,791)	395,066
Business-type	53,751	(25,234)	28,517
Total	<u>\$ 464,608</u>	<u>(41,025)</u>	<u>423,583</u>

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

3-F. Interfund receivable, payables and transfers

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 410,000	1,874,898
Recreation	141,398	-
Community development	6,000	-
Millcreek project	27,500	-
Capital projects	1,700,000	-
Water and sewer fund	-	365,000
Storm drain fund	-	45,000
Total	\$ 2,284,898	2,284,898

Transfers are used to move unrestricted general fund revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided as subsidies or matching funds for various grant programs.

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 13, 2015, the date the financial statements were available to be used.

4-C. Landfill agreement

Moab City entered into an agreement with the Grand County Solid Waste Management Special Service District No. 1 and Grand County in which the City agreed to guarantee the performance of closure and post-closure care at the Klondike and Moab Landfills. Should the escrow moneys set aside by the District not cover all costs associated with the closure and post-closure of the landfill, Moab would be liable for one half of the uncovered costs. Total closure and post-closure costs are currently estimated to be no more than \$175,400 for the Klondike Landfill and for the Moab Landfill.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

4-D. Rounding Convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-E. General Information about the Pension Plan

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following pension trust funds:

Public Employees Contributory Retirement System (Contributory System); is a multiple employer, cost sharing, public employee retirement system.

The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system;

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System); and Tier 2 Public Safety Firefighter Contributory System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

Benefits provided:

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Summary of Benefits by System

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 year any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% to 4% depending on the employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contributions:

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

<u>Utah Retirement Systems</u>	Employee Paid	Pay by Employer for Employee	Employer Contribution Rates
Contribution System			
111 - Local Governmental Division Tier 2 Noncontributory System	N/A	N/A	14.830%
15 - Local Governmental Division Tier 1 Public Safety Retirement System	N/A	N/A	18.470%
43 - Other Division A Noncontributory Tier 1	N/A	N/A	34.040%
122 - Other Division A Contributory Tier 2	N/A	N/A	22.550%

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2015

4-E. General Information about the Pension Plan (continued)

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

At December 31, 2014, we reported a net pension asset of \$2,904 and a net pension liability of \$1,487,326.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2429667%	\$ -	\$ 1,055,019
Public Safety System	0.3437599%	\$ -	\$ 432,307
Tier 2 Public Employees System	0.0260728%	\$ 790	\$ -
Tier 2 Public Safety and Firefighter System	0.1428958%	\$ 2,114	\$ -
Total Net Pension Asset/Liability		<u>\$ 2,904</u>	<u>\$ 1,487,326</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$381,946. At December 31, 2014, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 69	\$ 75,326
Changes in assumptions	\$ -	\$ 161,188
Net difference between projected and actual earnings on pension plan investments	\$ 34,229	\$ -
Changes in proportion and differences between contributions and proportionate share of contributions	\$ -	\$ -
Contributions subsequent to the measurement date	\$ 283,792	\$ -
Total	<u>\$ 318,090</u>	<u>\$ 236,514</u>

\$283,792 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Deferred Outflows (inflows) of Resources</u>
2015	\$ (54,770)
2016	\$ (54,770)
2017	\$ (54,770)
2018	\$ (36,963)
2019	\$ (144)
Thereafter	\$ (799)

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Actuarial assumptions:

The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 – 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, Including inflation

Active member mortality rates are a function of the member’s gender, occupation, and age and are developed based upon place experience. Retiree mortality assumption are highlighted in the table below.

Retired Member Mortality

Class of Member

Educators

Men EDUM (90%)

Women EDUF (100%)

Public Safety and Firefightings

Men RP 2000mWC (100%)

Women EDUF (120%)

Local Government, Public Employees

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. 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:

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-E. General Information about the Pension Plan (continued)

Asset class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	31.50%	0.57%
Cash and cash equivalents	0	0.00%	0.00%
Totals	100%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset) / liability	\$ 3,634,776	\$ 1,484,422	\$ (293,307)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2015

4-F. Prior period adjustments

The requirement to apply GASB 68 this fiscal year resulted in adjustments to the prior period net positions. This is due to the required disclosure of a Net Pension Liability, Deferred Outflows and Inflows of Resources, and if applicable, a Net Pension Asset.

The results to beginning net positions are as follows:

	Governmental Activities	Business-type Activities	
		Water & Sewer Fund	Total
Net position - beginning	\$ 15,276,421	9,992,974	25,269,395
GASB 68 adjustments	(1,449,108)	(141,552)	(1,590,660)
Net position - restated	\$ 13,827,313	\$ 9,851,422	23,678,735

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Moab City Corporation
Notes to Required Supplementary Information
June 30, 2015

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund.

Budgeting and Budgetary Control

Budgets for the General Fund are legally required and are prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2015 was within the budget appropriations.

Moab City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)
 For the Year Ended June 30, 2015

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,130,000	6,130,000	7,075,456	945,456
Licenses and permits	115,200	115,200	185,284	70,084
Intergovernmental revenues	261,000	285,498	316,390	30,892
Charges for services	1,334,400	1,354,400	1,291,815	(62,585)
Fines and forfeitures	45,000	50,990	86,362	35,372
Interest	40,500	40,500	23,273	(17,227)
Miscellaneous revenue	58,700	84,450	64,087	(20,363)
Total revenues	<u>7,984,800</u>	<u>8,061,038</u>	<u>9,042,668</u>	<u>981,630</u>
Expenditures				
General government	1,988,207	1,977,327	1,745,016	232,311
Public safety	2,531,567	2,580,275	2,304,848	275,427
Highways and public improvements	2,562,668	2,592,468	2,097,689	494,779
Parks and recreation	1,337,135	1,345,745	1,187,679	158,066
Total expenditures	<u>8,419,577</u>	<u>8,495,815</u>	<u>7,335,232</u>	<u>1,160,583</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(448,577)	(448,577)	1,707,436	2,156,013
Other Financing Sources and (Uses)				
Transfers in	410,000	410,000	410,000	-
Transfers out	(474,898)	(1,874,898)	(1,874,898)	-
Total Other Financing Sources and (Uses)	<u>(64,898)</u>	<u>(1,464,898)</u>	<u>(1,464,898)</u>	<u>-</u>
Net Change in Fund Balances	(513,475)	(1,913,475)	242,538	2,156,013
Fund Balances - beginning of year	2,185,911	2,185,911	2,185,911	-
Fund Balances - end of year	<u>\$ 1,672,436</u>	<u>272,436</u>	<u>2,428,450</u>	<u>2,156,013</u>

Moab City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Proportion of the net pension liability (asset)	0.2429667 %	0.3437599 %	0.0260728 %	0.1428958 %
Proportionate share of the net pension liability (asset)	\$ 1,055,019	\$ 432,307	\$ (790)	\$ (2,114)
Covered employee payroll	\$ 2,145,537	\$ 567,252	\$ 128,012	\$ 59,035
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	49.2 %	76.2 %	-0.6 %	-3.6 %
Plan fiduciary net position as a percentage of the total pension liability	90.2 %	90.5 %	103.5 %	120.5 %

* In accordance with paragraph 81.a of GASB 68, employees will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the current year. Prior year numbers are available from your prior year not disclosure confirmation.

Moab City Corporation
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
 June 30, 2015
 Last 10 Fiscal Years*

	Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighter System
Contractually required contribution	\$ 381,876	\$ 169,321	\$ 10,757	\$ 6,439
Contributions in relation to the contractually required contribution	<u>\$(381,876)</u>	<u>\$(169,321)</u>	<u>\$(10,757)</u>	<u>\$(6,439)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered employee payroll	\$ 2,145,537	\$ 567,252	\$ 128,012	\$ 59,035
Contributions as a percentage of covered- employee payroll **	17.80 %	29.85 %	8.40 %	10.91 %

* Amounts presented were determined as of calendar year January 1 - December 31. Employers will be required to prospectively develop this table in future years to show 10-years of information. The schedule above is only for the current year. Prior year numbers are available from your prior year note disclosure confirmation.

** Contributions as a percentage of covered-employee payroll may be different than the Board certified rate due to rounding or other administrative issues.

Moab City Corporation
Notes to Required Supplementary Information
Utah Retirement Systems
For the Year Ended June 30, 2015

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for information purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31.

Defined Contribution System

	Employee Paid <u>Contributions</u>	Employer Paid <u>Contributions</u>
401(k) Plan	\$ 77,390	\$ 27,007
457 Plan	\$ 51,958	-
Roth IRA Plan	\$ 3,985	-
Traditional IRA Plan	-	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

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INDEPENDENT AUDITORS' 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*

The Honorable Mayor, and
Members of the City Council
Moab City, Utah

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, the business-type activities, each major fund, and the aggregate remaining fund information of Moab City, Utah (herein referred to as the "City"), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 13, 2015.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying management letter that we consider to be significant deficiencies. See finding IC-2015.1

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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*

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying management letter. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah
November 13, 2015



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROLS OVER COMPLIANCE
IN ACCORDANCE WITH THE STATE COMPLIANCE AUDIT GUIDE**

The Honorable Mayor, and
Members of the City Council
Moab City, Utah

**REPORT ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND FOR
EACH MAJOR STATE PROGRAM**

We have audited Moab City's (herein referred to as the "City") compliance with the applicable general and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

- Budgetary Compliance
- Fund Balance
- Utah Retirement Systems Compliance
- Transfers from Utility Enterprise Funds
- Open and Public Meetings Act

The City did not have any state funding classified as a major program for the year ended June 30, 2015

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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 compliance requirements referred to above that could have a direct and material effect on the City or its major state programs occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements and Each Major State Program

In our opinion, Moab City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City or on each of its major state programs for the year ended June 30, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide*.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance 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 general state or major state program 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 general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Purpose of Report

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


Larson & Company, PC

Spanish Fork, Utah
November 13, 2015