

Moab City Corporation
ANNUAL FINANCIAL REPORT
For the Year Ended June 30, 2017

Moab City Corporation
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June 30, 2017

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INDEPENDENT AUDITOR'S 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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express 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, 2017, 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.

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 5–11 and 49–52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Moab City's basic financial statements. The combining and individual nonmajor fund financial statements (pages 53-54) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 5, 2017 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.



Larson & Company, PC

Spanish Fork, Utah
December 5, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Moab City Corporation
Management's Discussion and Analysis
June 30, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$2,342,930
- *Total unrestricted net position for the City as a whole increased by \$4,636,274
- *Total net position for governmental activities increased by \$509,902
- *Total net position for business-type activities increased by \$1,833,028

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 the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of 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, 2017

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 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 all its funds. 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 funds to account for the operations of the water, sewer, and storm drain utilities.

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, 2017

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	\$ 8,204,068	6,684,765	5,906,417	3,932,000	14,110,485	10,616,765
Net capital assets	15,634,107	16,431,427	10,607,735	7,843,764	26,241,842	24,275,191
Deferred outflows of resources	1,039,279	812,352	101,529	79,359	1,140,808	891,711
Total assets and deferred outflows	\$ 24,877,454	23,928,544	16,615,681	11,855,123	41,493,135	35,783,667
Long-term debt outstanding	\$ 4,839,000	5,109,000	2,920,000	-	7,759,000	5,109,000
Other liabilities	2,955,926	2,314,567	289,697	288,776	3,245,623	2,603,343
Deferred inflows of resources	390,959	323,309	38,192	31,583	429,151	354,892
Total liabilities and deferred inflows	8,185,885	7,746,876	3,247,889	320,359	11,433,774	8,067,235
Net position:						
Net investment in						
capital assets	10,795,107	11,322,427	7,687,735	7,843,764	18,482,842	19,166,191
Restricted	673,837	366,465	495,759	2,413,127	1,169,596	2,779,592
Unrestricted	5,222,625	4,492,776	5,184,298	1,277,873	10,406,923	5,770,649
Total net position	\$ 16,691,570	16,181,668	13,367,792	11,534,764	30,059,361	27,716,432

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$30,059,361, an increase of \$2,342,929 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 are \$10,406,923 which represents an increase of \$4,636,274 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, 2017

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	\$ 2,028,166	1,855,004	2,149,899	1,797,751	4,178,064	3,652,755
Operating grants	661,964	213,171	-	-	661,964	213,171
Capital grants	60,000	429,117	1,623,591	-	1,683,591	429,117
General revenues:						
Sales tax	1,939,516	1,794,758	-	-	1,939,516	1,794,758
Other taxes	6,247,900	5,489,963	-	-	6,247,900	5,489,963
Other revenues	223,900	298,500	58,632	123,564	282,532	422,064
Total revenues	11,161,446	10,080,513	3,832,122	1,921,315	14,993,568	12,001,828
Expenses:						
General government	2,559,772	2,311,388	-	-	2,559,772	2,311,388
Public safety	2,946,128	2,436,681	-	-	2,946,128	2,436,681
Highways and improvements	2,517,022	2,377,055	-	-	2,517,022	2,377,055
Parks and recreation	2,970,750	2,065,937	-	-	2,970,750	2,065,937
Interest on long-term debt	31,019	32,981	-	-	31,019	32,981
Water and sewer	-	-	1,618,598	1,214,490	1,618,598	1,214,490
Storm drain	-	-	7,350	-	7,350	-
Total expenses	11,024,690	9,224,042	1,625,948	1,214,490	12,650,638	10,438,532
Transfers in (out)	373,146	410,000	(373,146)	(410,000)	-	-
Change in net position	\$ 509,902	1,266,471	1,833,028	296,825	2,342,930	1,563,296

For the City as a whole, total revenues increased by \$2,991,740 compared to the previous year, while total expenses increased by \$2,212,106. The total net change of \$2,342,930 is, in private sector terms, the net income for the year which is \$779,634 more than the previous year.

Governmental activities revenues of \$11,161,446 is an increase of \$1,080,933 from the previous year. All significant items of revenue increased, with the largest increase occurring in the other taxes. Governmental activities expenses of \$11,024,690 is an increase of \$1,800,648 from the previous year. Expenses across all departments increased, with the largest increase occurring in the parks and recreation department.

Business-type activities revenue of \$3,832,122 is an increase of \$1,910,807 from the previous year. Service revenues increased by \$352,148 and capital grants increased by \$1,623,591. Business-type activities expenses of \$1,625,948 is an increase of \$411,458 from the previous year. This is due to an overall increase in operation expenses.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2017

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 \$3,394,018 reflects an increase of \$1,217,852 from the previous year. Total revenues increased by \$1,016,619. Tax revenues increased by \$902,695. All other revenues increased by a total of \$113,924. Transfers in from the water and sewer fund and the storm drain fund were made during the year amounting to \$373,146.

Total expenditures increased by \$1,248,660. General government expenditures increased by \$129,271; public safety expenditures increased by \$360,731; streets and highways expenditures increased by \$115,778; and parks and recreation expenditures increased by \$642,878. Total transfers out of \$534,805 were comprised of a transfer to the capital projects fund of \$235,949 and a transfer to the recreation fund of \$298,856.

The fund balance restricted for Class C roads is \$673,837. The unassigned fund balance amounts to \$2,720,181.

Water Fund

The change in net position (net income) was \$1,701,783, which included capital grants of \$800,000. The amount of \$495,759 is restricted for construction. Unrestricted net position amounts to \$3,867,978.

Storm Drain Fund

The change in net position (net income) was \$131,245. Unrestricted net position amounts to \$1,316,320.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$9,570,436. This amount was amended in the final budget to \$10,313,850. Actual revenues, excluding transfers, amounted to \$10,490,243.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$10,234,989. This amount was amended in the final budget to \$10,740,936. Actual expenditures amounted to \$9,110,732.

Transfers in were budget both in the original budget and final budget at \$373,146, which was equal to actual transfers in. Transfers out were originally budgeted in the amount of \$287,338 and amended to \$534,805 in the final budget, which was equal to the actual transfers out.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2017

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	9,592,047	9,890,780	-	-	9,592,047	9,890,780
Improvements other than buildings	1,792,301	1,906,563	-	-	1,792,301	1,906,563
Automobiles & Trucks	546,730	632,214	12,823	24,321	559,553	656,535
Machinery and equipment	786,424	921,572	518,369	333,849	1,304,794	1,255,422
Office equipment	87,739	139,245	-	-	87,739	139,245
Infrastructure	2,351,981	2,464,168	-	-	2,351,981	2,464,168
Water system	-	-	2,686,104	2,770,285	2,686,104	2,770,285
Sewer system	-	-	3,233,424	3,364,399	3,233,424	3,364,399
Work in progress	-	-	3,894,080	1,087,974	3,894,080	1,087,974
Totals	\$ 15,634,107	16,431,427	10,607,735	7,843,764	26,241,842	24,275,191

The total amount of capital assets, net of depreciation, of \$26,241,842 is an increase of \$1,966,651 from the previous year.

Governmental activities capital assets, net of depreciation, of \$15,634,107 is a decrease of \$797,320 from the previous year.

Business-type activities capital assets, net of depreciation, of \$10,607,735 is an increase of \$2,763,971 from the previous year.

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

Moab City Corporation
Management's Discussion and Analysis
 June 30, 2017

CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

Moab City Corporation's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
2003 Sales Tax Revenue	\$ 1,221,000	1,300,000
2009 Sales Tax Revenue	3,618,000	3,809,000
Total governmental	4,839,000	5,109,000
Business-type activities:		
2017 Wastewater Revenue	2,920,000	-
Total business-type	2,920,000	-
Total outstanding debt	\$ 7,759,000	5,109,000

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

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, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 6,519,626	5,258,765	11,778,391
Accounts receivable, net	1,009,928	151,677	1,161,605
Other current assets	11,736	-	11,736
Total current assets	7,541,289	5,410,442	12,951,732
Non-current assets:			
Restricted cash and cash equivalents	660,562	495,759	1,156,321
Capital assets:			
Not being depreciated	476,884	4,157,015	4,633,899
Net of accumulated depreciation	15,157,223	6,450,720	21,607,943
Net pension assets	2,216	217	2,433
Total non-current assets	16,296,885	11,103,710	27,400,596
Total assets	23,838,175	16,514,152	40,352,327
Deferred outflows of resources - pensions	1,039,279	101,529	1,140,808
Total assets and deferred outflows of resources	\$ 24,877,454	16,615,681	41,493,135
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 431,530	46,478	478,009
Accrued liabilities	292,500	-	292,500
Customer deposits	-	3,725	3,725
Accrued interest payable	22,894	-	22,894
Long-term debt outstanding, current portion	272,000	-	272,000
Total current liabilities	1,018,924	50,203	1,069,127
Non-current liabilities:			
Compensated absences	408,518	63,613	472,131
Long-term debt outstanding, non-current portion	4,567,000	2,920,000	7,487,000
Net pension liability	1,800,484	175,881	1,976,365
Total non-current liabilities	6,776,002	3,159,494	9,935,496
Total liabilities	7,794,926	3,209,697	11,004,623
Deferred inflows of resources - pensions	390,959	38,192	429,151
Total liabilities and deferred inflows of resources	8,185,885	3,247,889	11,433,774
NET POSITION:			
Net investment in capital assets	10,795,107	7,687,735	18,482,842
Restricted for:			
Class C roads	673,837	-	673,837
Construction	-	495,759	495,759
Unrestricted	5,222,625	5,184,298	10,406,923
Total net position	16,691,570	13,367,792	30,059,361
Total liabilities, deferred inflows of resources and net position	\$ 24,877,454	16,615,681	41,493,135

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, 2017

	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:					
General government	\$ 2,559,772	451,654	-	-	(2,108,118)
Public safety	2,946,128	85,824	39,313	-	(2,820,991)
Streets and highways	2,517,022	989,796	223,244	-	(1,303,981)
Parks, recreation and public property	2,970,750	500,891	399,407	60,000	(2,010,451)
Interest on long-term debt	31,019	-	-	-	(31,019)
Total governmental activities	11,024,690	2,028,166	661,964	60,000	(8,274,560)
Business-type activities:					
Water and sewer utilities	1,618,598	2,007,304	-	1,623,591	2,012,296
Storm drain utility	7,350	142,595	-	-	135,245
Total business-type activities	1,625,948	2,149,899	-	1,623,591	2,147,541
Total primary government	\$ 12,650,638	4,178,064	661,964	1,683,591	(6,127,019)

(continued on next 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, 2017

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (8,274,560)	2,147,541	(6,127,019)
General revenues:			
Sales tax	1,939,516	-	1,939,516
Other taxes	6,247,900	-	6,247,900
Unrestricted investment earnings	88,476	58,632	147,109
Miscellaneous	135,424	-	135,424
Total general revenues	8,411,316	58,632	8,469,948
Transfers in (out)	373,146	(373,146)	-
Change in net position	509,902	1,833,028	2,342,930
Net position - beginning restated	16,181,668	11,534,764	27,716,432
Net position - ending	\$ 16,691,570	13,367,792	30,059,361

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

Moab City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2017

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 2,237,494	4,172,708	109,424	6,519,626
Accounts receivable, net of allowances	995,711	14,217	-	1,009,928
Other current assets	11,736	-	-	11,736
Restricted cash and cash equivalents	660,562	-	-	660,562
TOTAL ASSETS	\$ 3,905,502	4,186,925	109,424	8,201,851
LIABILITIES				
Accounts payable	\$ 328,635	100,386	2,510	431,530
Accrued liabilities	182,850	109,650	-	292,500
TOTAL LIABILITIES	511,484	210,036	2,510	724,030
FUND BALANCES:				
Restricted for:				
Class C roads	673,837	-	-	673,837
Assigned for:				
Capital projects	-	3,451,889	-	3,451,889
USU Set-aside	-	525,000	-	525,000
Recreation	-	-	103,747	103,747
Youth city council	-	-	3,167	3,167
Unassigned	2,720,181	-	-	2,720,181
TOTAL FUND BALANCES	3,394,018	3,976,889	106,914	7,477,821
TOTAL LIABILITIES AND FUND BALANCES	\$ 3,905,502	4,186,925	109,424	8,201,851

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, 2017

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes:				
Sales	\$ 1,939,516	-	-	1,939,516
Other taxes	6,247,900	-	-	6,247,900
License and permits	396,032	-	-	396,032
Intergovernmental revenues	347,142	285,794	89,028	721,964
Charges for services	1,375,375	39,846	151,367	1,566,588
Fines and forfeitures	65,546	-	-	65,546
Interest	37,999	50,144	334	88,476
Miscellaneous revenue	80,734	51,505	3,185	135,424
Total revenues	10,490,243	427,289	243,914	11,161,446
Expenditures:				
General government	2,163,433	114,666	-	2,278,099
Public safety	2,770,794	112,734	-	2,883,528
Highways and public improvements	2,255,614	42,823	-	2,298,437
Parks, recreation and public property	1,920,890	213,047	555,413	2,689,350
Debt service:				
Principal	-	270,000	-	270,000
Interest	-	32,500	-	32,500
Total expenditures	9,110,732	785,769	555,413	10,451,914
Excess (deficiency) of revenues over (under) expenditures	1,379,511	(358,481)	(311,499)	709,532
Other financing sources and (uses):				
Transfers in	373,146	235,949	298,856	907,951
Transfers (out)	(534,805)	-	-	(534,805)
Total other financing sources and (uses)	(161,659)	235,949	298,856	373,146
Net change in fund balances	1,217,852	(122,532)	(12,643)	1,082,678
Fund balances - beginning of year	2,176,166	4,099,421	119,557	6,395,143
Fund balance - end of year	\$ 3,394,018	3,976,889	106,914	7,477,821

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**
 June 30, 2017

Total Fund Balance for Governmental Funds	<u>\$ 7,477,821</u>
Total net position reported for governmental activities in the statement of net position 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	26,181,428
Less accumulated depreciation	<u>(10,547,321)</u>
Net capital assets	<u>15,634,107</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>2,216</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>1,039,279</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>(4,839,000)</u>
Interest accrued but not yet paid on long-term debt	<u>(22,894)</u>
Compensated absences	<u>(408,518)</u>
Net pension liability	<u>(1,800,484)</u>
Deferred inflows of resources - pensions	<u>(390,959)</u>
Total Net Position of Governmental Activities	<u><u>\$ 16,691,570</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, 2017

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,082,678</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	289,965
Depreciation expense	<u>(1,087,284)</u>
Net	<u>(797,320)</u>
<p>The statement of activities show pension benefits, pension expenses, and non-employer contributions related to GASB 68 that are not shown in the fund statements.</p>	
	<u>(5,001)</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>270,000</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>1,481</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 funds.</p>	
Change in compensated absence liability	<u>(41,936)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 509,902</u></u>

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

Moab City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUND
June 30, 2017

	Water & Sewer Fund	Storm Drain Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 3,956,606	1,302,159	5,258,765
Accounts receivable, net	137,516	14,161	151,677
Total current assets	4,094,122	1,316,320	5,410,442
Non-current assets:			
Restricted cash and cash equivalents	495,759	-	495,759
Capital assets:			
Not being depreciated	4,032,547	124,468	4,157,015
Net of accumulated depreciation	6,450,720	-	6,450,720
Net pension assets	217	-	217
Total non-current assets	10,979,242	124,468	11,103,710
Total assets	15,073,364	1,440,788	16,514,152
Deferred outflows of resources - pensions	101,529	-	101,529
Total assets and deferred outflows of resources	\$ 15,174,893	1,440,788	16,615,681
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 46,478	-	46,478
Customer security deposits	3,725	-	3,725
Total current liabilities	50,203	-	50,203
Non-current liabilities:			
Compensated absences	63,613	-	63,613
Long-term debt outstanding, non-current portion	2,920,000	-	2,920,000
Net pension liability	175,881	-	175,881
Total non-current liabilities	3,159,494	-	3,159,494
Total liabilities	3,209,697	-	3,209,697
Deferred inflows of resources - pensions	38,192	-	38,192
Total liabilities and deferred inflows of resources	3,247,889	-	3,247,889
NET POSITION:			
Net investment in capital assets	7,563,267	124,468	7,687,735
Restricted for:			
Construction	495,759	-	495,759
Unrestricted	3,867,978	1,316,320	5,184,298
Total net position	11,927,004	1,440,788	13,367,792
Total liabilities, deferred inflows of resources and net position	\$ 15,174,893	1,440,788	16,615,681

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 FUND
For the Year Ended June 30, 2017

	Water & Sewer Fund	Storm Drain Fund	Total Proprietary Funds
Operating income:			
Charges for sales and service	\$ 1,816,780	142,595	1,959,375
Connection fees	83,566	-	83,566
Other operating income	106,959	-	106,959
Total operating income	2,007,304	142,595	2,149,899
Operating expenses:			
Personnel services	700,028	-	700,028
Utilities	139,659	-	139,659
Repair and maintenance	267,966	7,350	275,316
Professional and technical	135,119	-	135,119
Other supplies and expenses	17,490	-	17,490
Insurance expense	1,560	-	1,560
Depreciation expense	356,776	-	356,776
Total operating expense	1,618,598	7,350	1,625,948
Net operating income (loss)	388,705	135,245	523,950
Non-operating income (expense):			
Impact fees	823,591	-	823,591
Interest income	58,632	-	58,632
Total non-operating income (expense)	882,223	-	882,223
Income (loss) before transfers and capital contributions	1,270,929	135,245	1,406,174
Transfers out	(369,146)	(4,000)	(373,146)
Capital contributions	800,000	-	800,000
Change in net position	1,701,783	131,245	1,833,028
Net position - beginning	10,225,221	1,309,543	11,534,764
Net position - ending	\$ 11,927,004	1,440,788	13,367,792

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

Moab City Corporation
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2017

	Water & Sewer Fund	Storm Drain Fund	Total Proprietary Funds
Cash flows from operating activities:			
Cash received from customers - service	\$ 1,989,579	142,684	2,132,263
Cash paid to suppliers	(596,402)	(14,674)	(611,077)
Cash paid to employees	(674,766)	-	(674,766)
Net cash provided (used) in operating activities	718,411	128,009	846,420
Cash flows from noncapital financing activities:			
Interfund balances	(369,146)	(4,000)	(373,146)
Change in customer deposits	2,100	-	2,100
Net cash provided (used) in noncapital financing activities	(367,046)	(4,000)	(371,046)
Cash flows from capital and related financing activities:			
Cash received from capital contributions	800,000	-	800,000
Cash received from impact fees	823,591	-	823,591
Cash received from bond proceeds	2,920,000	-	2,920,000
Cash payments for capital assets	(3,093,270)	(27,477)	(3,120,747)
Net cash provided (used) in capital and related financing activities	1,450,322	(27,477)	1,422,844
Cash flows from investing activities:			
Cash received from interest earned	58,632	-	58,632
Net cash provided (used) in investing activities	58,632	-	58,632
Net increase (decrease) in cash	1,860,319	96,532	1,956,851
Cash balance, beginning	2,592,046	1,205,627	3,797,673
Cash balance, ending	\$ 4,452,364	1,302,159	5,754,523
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 3,956,606	1,302,159	5,258,765
Non-current restricted cash	495,759	-	495,759
Total cash and cash equivalents	\$ 4,452,364	1,302,159	5,754,523

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

Moab City Corporation
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2017

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

	Water & Sewer Fund	Storm Drain Fund	Total Proprietary Funds
Net operating income (expense)	\$ 388,705	135,245	523,950
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	356,776	-	356,776
Changes in assets and liabilities:			
(Increase) decrease in receivables	(17,725)	89	(17,636)
(Increase) decrease in net pension assets	69	-	69
(Increase) decrease in deferred outflows	(22,170)	-	(22,170)
Increase (decrease) in payables	(34,608)	(7,324)	(41,933)
Increase (decrease) in compensated absences	24,774	-	24,774
Increase (decrease) in net pension liabilities	15,980	-	15,980
Increase (decrease) in deferred inflows	6,609	-	6,609
Net cash provided (used) in operating activities	\$ 718,411	128,009	846,420

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

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

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net assets and the statement of changes in net assets 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 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.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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).

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. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City 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.

Property taxes, 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, 2017

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 in 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 the water and sewer utilities.

The *storm drain fund* is used to account for the revenues and expenses 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 3.

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents 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, 2017

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 assets.

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

1-E-5. *Inventories and Prepaid items*

Inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. 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 or more 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, 2017

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:

<u>Assets</u>	<u>Years</u>
Buildings 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 assets.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period. Issuance costs (if any) 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. The City reports deferred outflows of resources related to pensions as required by GASB 68.

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. The City also reports deferred inflows of resources related to pensions as required by GASB 68.

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, 2017

1-E-10. Fund Equity

Government-wide Financial Statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - 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 - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Governmental fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned.

Descriptions of each follow:

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact.

Restricted fund balance - Net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - 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 - Amounts that the City intends to be used for a specific purpose but are 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 - 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 specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

1-F. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may 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 unreserved General Fund balance greater than 25% of the current year's actual revenues must be appropriated within the following two years. The general fund balance exceeded the legal allowable limit for the year ended June 30, 2017.

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 balance or net position

None of the City's funds have deficit fund balances.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2017 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 650
Demand deposits - checking	496,574
Savings	120,739
Deposits - PTIF	<u>12,316,748</u>
Total cash	<u><u>\$ 12,934,712</u></u>

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

Cash and cash equivalents (current)	\$ 7,821,785
Restricted cash and cash equivalents (non-current)	<u>5,112,926</u>
Total cash and cash equivalents	<u><u>\$ 12,934,712</u></u>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

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.

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.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

3-A. Deposits and investments (continued)

Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2-- Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2017 the City had \$12,316,7481 invested in the PTIF, which uses a Level 2 fair value measurement.

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, 2017, the City's bank balance of demand and bank trust deposits total \$1,187,190 and the book balance is \$464,562. Of these deposits, \$265,673 is covered by FDIC insurance; \$921,517 is uninsured and uncollateralized.

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:

	General Fund	Capital Projects Fund	Water and Sewer Fund	Storm Drain Fund	Total
Customers	\$ 95,106	14,217	153,275	14,161	276,759
Intergovernmental receivables	890,289	-	-	-	890,289
Other receivables	10,316	-	-	-	10,316
Total receivables	995,711	14,217	153,275	14,161	1,177,364
Allowance for uncollectibles			(15,759)		(15,759)
Total receivables, net of allowances	\$ 995,711	14,217	137,516	14,161	1,161,605

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 476,884	-	-	476,884
Total capital assets, not being depreciated	476,884	-	-	476,884
Capital assets, being depreciated:				
Buildings	12,274,189	8,130	-	12,282,319
Improvements other than buildings	4,092,495	112,696	-	4,205,191
Autos and trucks	2,347,653	65,796	-	2,413,449
Machinery and equipment	2,224,802	58,519	-	2,283,321
Office equipment	569,041	-	-	569,041
Infrastructure	3,906,399	44,824	-	3,951,223
Total capital assets, being depreciated	25,414,580	289,965	-	25,704,544
Less accumulated depreciation for:				
Buildings	2,383,409	306,863	-	2,690,272
Improvements other than buildings	2,185,931	226,959	-	2,412,890
Autos and trucks	1,715,439	151,280	-	1,866,719
Machinery and equipment	1,303,230	193,666	-	1,496,897
Office equipment	429,797	51,505	-	481,302
Infrastructure	1,442,231	157,011	-	1,599,242
Total accumulated depreciation	9,460,037	1,087,284	-	10,547,321
Total capital assets being depreciated, net	15,954,543	(797,320)	-	15,157,223
Governmental activities capital assets, net	\$ 16,431,427	(797,320)	-	15,634,107

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

Governmental activities:	
General government	\$ 352,206
Public safety	82,429
Highways and public improvements	255,720
Parks, recreation and public property	396,929
Total	\$ 1,087,284

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-C. Capital Assets (continued)

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

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and water shares	\$ 262,935	-	-	262,935
Construction in progress	1,087,974	2,806,105	-	3,894,080
Total capital assets, not being depreciated	1,350,910	2,806,105	-	4,157,015
Capital assets, being depreciated:				
Water system	6,254,143	60,885	-	6,315,028
Sewer system	7,363,970	-	-	7,363,970
Machinery and equipment	1,136,067	253,756	-	1,389,823
Autos and trucks	235,132	-	-	235,132
Total capital assets, being depreciated	14,989,312	314,642	-	15,303,954
Less accumulated depreciation for:				
Water system	3,483,858	145,067	-	3,628,925
Sewer system	3,999,571	130,974	-	4,130,546
Machinery and equipment	802,218	69,236	-	871,454
Autos and trucks	210,811	11,498	-	222,309
Total accumulated depreciation	8,496,457	356,776	-	8,853,234
Total capital assets being depreciated, net	6,492,855	(42,135)	-	6,450,720
Business-type activities capital assets, net	\$ 7,843,764	2,763,971	-	10,607,735

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

Business-type activities:	
Water	\$ 183,724
Wastewater	173,053
Total	\$ 356,776

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

3-D. Long-term debt

Long-term debt activity for the governmental activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2003 Sales Tax Revenue							
Matures 2030	\$ 2,050,000	2.50	\$ 1,300,000	-	79,000	1,221,000	81,000
2009 Sales Tax Revenue							
Matures 2036	4,764,000	0.00	3,809,000	-	191,000	3,618,000	191,000
Total governmental activity							
long-term liabilities			\$ 5,109,000	-	270,000	4,839,000	272,000

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2018	\$ 272,000	30,525	302,525
2019	274,000	28,500	302,500
2020	276,000	26,425	302,425
2021	278,000	24,300	302,300
2022	280,000	22,125	302,125
2023-2027	1,434,000	76,100	1,510,100
2028-2032	1,272,000	15,975	1,287,975
2033-2036	753,000	-	753,000
Total	\$ 4,839,000	223,950	5,062,950

Long-term debt activity for the business-type activities was as follows:

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
2017 Wastewater Revenue							
Matures 2039	\$14,200,000	1.15	\$ -	2,920,000	-	2,920,000	-
Total business-type activity							
long-term liabilities			\$ -	2,920,000	-	2,920,000	-

The 2017 Wastewater Revenue Bonds were issued during the 2017 fiscal year. As of June 30, 2017, \$2,920,000 of the total issued amount of \$14,200,000 had been advanced to the City. The remaining amount of \$11,280,000 will be advanced to the City as future construction costs occur. The requirements to maturity in the schedule following represent required payments should the entire issue amount be advanced to the City.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

3-D. Long-term debt (continued)

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2018	\$ -	varies	-
2019	-	varies	-
2020	635,000	163,300	798,300
2021	643,000	155,998	798,998
2022	650,000	148,603	798,603
2023-2027	3,363,000	629,178	3,992,178
2028-2032	3,563,000	431,298	3,994,298
2033-2037	3,775,000	221,560	3,996,560
2038-2039	1,571,000	27,152	1,598,152
Total	\$ 14,200,000	1,777,089	15,977,089

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 366,582	41,936	408,518
Business-type	38,839	24,774	63,613
Total	\$ 405,421	66,710	472,131

Net pension liability:			
Governmental	\$ 1,636,913	163,571	1,800,484
Business-type	159,901	15,980	175,881
Total	\$ 1,796,814	179,551	1,976,365

3-E. Interfund transfers

	Transfers In	Transfers Out
General fund	\$ 373,146	534,805
Capital projects fund	235,949	-
Recreation fund	298,856	-
Water and sewer fund	-	369,146
Storm drain fund	-	4,000
Total	\$ 907,951	907,951

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.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

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. 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.

4-C. 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-D. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through December 5, 2017, the date the financial statements were available to be used.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-E. Pension Plans

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 Noncontributory Retirement System (Noncontributory 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 public retirement system;

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employer retirement system;

Tier 2 Public Safety and Firefighter Contributory Retirement 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.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

4-E. Pension Plans (continued)

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	Cola **
Noncontributory System	Highest 3 Years	30 years any age 25 years 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 an 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	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%

* 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.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

4-E. Pension Plans (continued)

Contribution rates are as follows:

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System				
111 - Local Government Div - Tier 2	N/A	N/A	14.91	1.78
Noncontributory System				
15 - Local Government Div - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 - Tier 2 DB Hybrid Public Safety	N/A	N/A	22.50	1.33
Noncontributory				
43 - Other Div A with 2.5% COLA	N/A	N/A	34.04	N/A
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69	10.00
222 - Public Safety	N/A	N/A	11.83	12.00

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

For the fiscal year ended June 30, 2017, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 349,063	N/A
Public Safety System	150,874	-
Tier 2 Public Employees System	107,879	-
Tier 2 Public Safety and Firefighter	57,774	-
Tier 2 DC Only System	5,495	N/A
Total Contributions	\$ 671,085	-

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2017, we reported a net pension asset of \$2,432 and a net pension liability of \$1,976,364.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-E. Pension Plans (continued)

	(Measurement Date): December 31, 2016			Proportionate Share 12/31/2015	Change (Decrease)
	Net Pension Asset	Net Pension Liability	Proportionate Share		
Noncontributory System	\$ -	\$ 1,317,621	0.2051978%	0.2179161%	-0.0127183%
Public Safety System	-	650,545	0.3205798%	0.3147178%	0.0058620%
Tier 2 Public Employees System	-	8,198	0.0734958%	0.0396361%	0.0338597%
Tier 2 Public Safety and Firefighter	2,432	-	0.2801501%	0.2137309%	0.0664192%
Total	\$ 2,432	\$ 1,976,364			

The net pension asset and liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2016 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2017, we recognize pension expense of \$674,426.

At June 30, 2017, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 30,418	\$ 95,455
Changes in assumptions	298,255	66,607
Net difference between projected and actual earnings on pension plan investments	434,067	128,199
Changes in proportion and differences between contributions and proportionate share of contributions	12,210	138,890
Contributions subsequent to the measurement date	365,857	-
Total	\$ 1,140,807	\$ 429,151

\$365,857 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, 2016. 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>	Net Deferred Outflows (Inflows) of Resources
2017	\$ 89,686
2018	106,174
2019	160,035
2020	(15,089)
2021	386
Thereafter	4,603

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

4-E. Pension Plans (continued)

Actuarial assumptions:

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

Inflation	2.60 Percent
Salary increases	3.35 - 10.35 percent, average, including inflation
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

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

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100.00%		5.23%
	Inflation		2.60%
	Expected arithmetic nominal return		7.83%

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2017

4-E. Pension Plans (continued)

Discount rate:

The discount rate used to measure the total pension liability was 7.20 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 7.20 percent from 7.50 percent from the prior measurement period.

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

<u>System</u>	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Noncontributory System	\$ 2,729,240	\$ 1,317,621	\$ 139,703
Public Safety System	1,352,986	650,545	79,556
Tier 2 Public Employees System	55,804	8,198	(28,017)
Tier 2 Public Safety and Firefighter	17,014	(2,432)	(17,376)
Total	\$ 4,155,044	\$ 1,973,932	\$ 173,866

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan
- Traditional IRA Plan

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2017

4-E. Pension Plans (continued)

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, 2017, were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
401(k) Plan			
Employer Contributions	\$ 47,117	\$ 37,659	\$ 27,571
Employee Contributions	39,929	48,623	76,137
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	35,528	53,660	60,025
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,027	6,952	5,830
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	650	650	200

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Moab City Corporation
Notes to Required Supplementary Information
June 30, 2017

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is 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, 2017, expenditures within all departments were under the appropriated budget.

Changes in Assumptions Related to Pensions

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

Moab City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
 For the Year Ended June 30, 2017

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 7,550,882	8,178,296	8,187,416	9,120
Licenses and permits	159,350	196,650	396,032	199,382
Intergovernmental revenues	337,814	337,814	347,142	9,328
Charges for services	1,333,399	1,403,099	1,375,375	(27,724)
Fines and forfeitures	80,000	80,000	65,546	(14,454)
Interest	31,355	31,355	37,999	6,644
Miscellaneous revenue	77,636	86,636	80,734	(5,902)
Total revenues	9,570,436	10,313,850	10,490,243	176,393
Expenditures				
General government	2,393,175	2,493,944	2,163,433	330,511
Public safety	2,618,736	2,837,950	2,770,794	67,156
Highways and public improvements	2,898,102	2,985,766	2,255,614	730,152
Parks, recreation and public property	2,324,976	2,423,276	1,920,890	502,386
Total expenditures	10,234,989	10,740,936	9,110,732	1,630,204
Excess (deficiency) of revenues over (under) expenditures	(664,553)	(427,086)	1,379,511	1,806,597
Other financing sources and (uses)				
Transfers in	373,146	373,146	373,146	-
Transfers out	(287,338)	(534,805)	(534,805)	-
Total other financing sources and (uses)	85,808	(161,659)	(161,659)	-
Net change in fund balances	(578,744)	(588,744)	1,217,853	1,806,597
Fund balances - beginning of year	2,176,166	2,176,166	2,176,166	-
Fund balances - end of year	\$ 1,597,422	1,587,422	3,394,019	1,806,597

Moab City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2017
 Last 10 Fiscal Years*

	2016	2015	2014
Noncontributory Retirement System			
Proportion of the net pension liability (asset)	0.2051978%	0.2179161%	0.2429667%
Proportionate share of the net pension liability (asset)	\$ 1,317,621	\$ 1,233,075	\$ 1,055,019
Covered employee payroll	\$ 1,658,246	\$ 1,878,267	\$ 2,145,537
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.46%	65.65%	49.20%
Plan fiduciary net position as a percentage of the total pension liability	87.30%	87.80%	90.20%
Public Safety System			
Proportion of the net pension liability (asset)	0.3205798%	0.3147178%	0.3437599%
Proportionate share of the net pension liability (asset)	\$ 650,545	\$ 563,739	\$ 432,307
Covered employee payroll	\$ 485,395	\$ 518,613	\$ 567,252
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	134.02%	108.70%	76.20%
Plan fiduciary net position as a percentage of the total pension liability	86.50%	87.10%	90.50%
Tier 2 Public Employees Retirement System			
Proportion of the net pension liability (asset)	0.0734958%	0.0396361%	0.0260780%
Proportionate share of the net pension liability (asset)	\$ 8,198	\$ (87)	\$ (790)
Covered employee payroll	\$ 602,722	\$ 256,204	\$ 128,012
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	1.36%	-0.03%	-0.06%
Plan fiduciary net position as a percentage of the total pension liability	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement			
Proportion of the net pension liability (asset)	0.2801501%	0.2137309%	0.1428958%
Proportionate share of the net pension liability (asset)	\$ (2,432)	\$ (3,123)	\$ (2,114)
Covered employee payroll	\$ 231,468	\$ 127,224	\$ 59,035
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-1.05%	-2.45%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	103.60%	110.70%	120.50%

* In accordance with paragraph 81.a of GASB 68, employers 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 last two years.

Moab City Corporation
SCHEDULE OF CONTRIBUTIONS
 June 30, 2017
 Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2014	\$ 373,502	\$ 373,502	\$ -	\$2,218,242	16.84%
	2015	366,950	366,950	-	2,031,635	18.06%
	2016	311,453	311,453	-	1,712,251	18.19%
	2017	349,063	349,063	-	1,888,219	18.49%
Public Safety System	2014	171,445	171,445	-	617,222	27.78%
	2015	144,696	144,696	-	506,159	28.59%
	2016	131,264	131,264	-	481,965	27.24%
	2017	150,874	150,874	-	467,586	32.27%
Tier 2 Public Employees Retirement System**	2014	14,676	14,676	-	104,905	13.99%
	2015	24,084	24,084	-	161,205	14.94%
	2016	71,331	71,331	-	480,471	14.85%
	2017	107,879	107,879	-	723,538	14.91%
Tier 2 Public Safety and Firefighter System**	2014	9,427	9,427	-	45,213	20.85%
	2015	17,359	17,359	-	76,979	22.55%
	2016	42,971	42,971	-	190,912	22.51%
	2017	57,774	57,774	-	256,776	22.50%
Tier 2 Public Employees DC Only System**	2014	-	-	-	-	0.00%
	2015	1,378	1,378	-	20,512	6.72%
	2016	2,915	2,915	-	43,531	6.70%
	2017	5,495	5,495	-	77,713	7.07%
Tier 2 Public Safety and Firefighter DC Only System**	2014	3,336	3,336	-	33,558	9.94%
	2015	3,700	3,700	-	31,279	11.83%
	2016	950	950	-	8,030	11.83%
	2017	-	-	-	-	0.00%

* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past 3 years.

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

Moab City Corporation
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2017

	Recreation Fund	Youth City Council Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 106,257	3,167	109,424
TOTAL ASSETS	\$ 106,257	3,167	109,424
LIABILITIES			
Accounts payable	\$ 2,510	-	2,510
TOTAL LIABILITIES	2,510	-	2,510
FUND BALANCES:			
Assigned for:			
Recreation	103,747	-	103,747
USU Set-aside	-	3,167	3,167
TOTAL FUND BALANCES	103,747	3,167	106,914
TOTAL LIABILITIES AND FUND BALANCES	\$ 106,257	3,167	109,424

Moab City Corporation
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2017

	Recreation Fund	Youth City Council Fund	Total Non-Major Governmental Funds
Revenues:			
Intergovernmental revenues	\$ 89,028	-	89,028
Charges for services	151,367	-	151,367
Interest	294	40	334
Miscellaneous revenue	3,185	-	3,185
Total revenues	243,874	40	243,914
Expenditures:			
Parks, recreation and public property	555,413	-	555,413
Total expenditures	555,413	-	555,413
Excess (deficiency) of revenues over (under) expenditures	(311,539)	40	(311,499)
Other financing sources and (uses):			
Transfers in	298,856	-	298,856
Total other financing sources and (uses)	298,856	-	298,856
Net change in fund balances	(12,683)	40	(12,643)
Fund balances - beginning of year	116,430	3,127	119,557
Fund balance - end of year	\$ 103,747	3,167	106,914



**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING
STANDARDS***

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, 2017, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 5, 2017.

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.

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*.

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

December 5, 2017



**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE AND ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY 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

We have audited Moab City’s (herein referred to as the “City”) compliance with the applicable general state 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 for the year ended June 30, 2017.

General state compliance requirements were tested for the year ended June 30, 2017 in the following areas:

Budgetary Compliance
Fund Balance
Utah Retirement Systems

Restricted Taxes and Related Revenues
Open and Public Meetings Act
Public Treasurer’s Bond

Management’s Responsibility

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

Auditor’s 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 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. However, our audit does not provide a legal determination of the City’s compliance.

Opinion on General State Compliance Requirements

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 for the year ended June 30, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in our letter to management as item SC-2017.1. Our opinion on compliance is not modified with respect to these matters.

Moab City's response to the noncompliance finding 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 compliance and, accordingly, we express no opinion on the response.

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 of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City 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 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 internal control over compliance. Accordingly, we do not express 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 with a general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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
December 5, 2017