

Moab City Corporation
Grand County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2016

Moab City Corporation
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June 30, 2016

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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, 2016, 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, 2016, 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 47–50 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 51-52) 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 November 16, 2016 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
November 16, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

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, 2016.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$1,563,297.
- *Total unrestricted net position for the City as a whole increased by \$557,302.
- *Total net position for governmental activities increased by \$1,266,472.
- *Total net position for business-type activities increased by \$296,825.

BASIC FINANCIAL STATEMENTS

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

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

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

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

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

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

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

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

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

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

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

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

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

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

Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

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	\$ 6,684,765	5,482,678	3,932,000	4,383,582	10,616,765	9,866,260
Net capital assets	16,431,427	16,747,875	7,843,764	7,036,938	24,275,191	23,784,813
Deferred outflows	812,352	289,783	79,359	28,307	891,711	318,090
Total assets and deferred outflows	<u>23,928,544</u>	<u>22,520,336</u>	<u>11,855,123</u>	<u>11,448,827</u>	<u>35,783,667</u>	<u>33,969,163</u>
Current and other liabilities	2,314,567	2,012,675	288,776	189,840	2,603,344	2,202,515
Long-term liabilities	5,109,000	5,377,000	-	-	5,109,000	5,377,000
Deferred inflows	323,309	215,467	31,583	21,047	354,892	236,514
Total liabilities and deferred inflows	<u>7,746,877</u>	<u>7,605,141</u>	<u>320,359</u>	<u>210,887</u>	<u>8,067,236</u>	<u>7,816,029</u>
Net position:						
Net investment in capital assets	11,322,427	11,370,875	7,843,764	7,036,938	19,166,191	18,407,813
Restricted	366,465	118,848	2,413,127	2,413,127	2,779,592	2,531,975
Unrestricted	4,492,776	3,425,472	1,277,873	1,787,874	5,770,649	5,213,347
Total net position	<u>\$ 16,181,668</u>	<u>14,915,195</u>	<u>11,534,764</u>	<u>11,237,939</u>	<u>27,716,432</u>	<u>26,153,134</u>

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows exceeded total liabilities and deferred inflows at the close of the year by \$27,716,432, an increase of \$1,563,298 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$5,770,649, which represents an increase of \$557,302 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, 2016

FINANCIAL ANALYSIS (continued)

Moab City Corporation's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 1,855,004	1,715,090	1,797,751	1,662,543	3,652,755	3,377,632
Operating grants	213,171	210,589	-	-	213,171	210,589
Capital grants	429,117	477,215	-	-	429,117	477,215
General revenues:						
Sales tax	1,794,758	1,738,623	-	-	1,794,758	1,738,623
Other taxes	5,489,963	5,336,833	-	-	5,489,963	5,336,833
Other revenues	298,500	149,610	123,564	172,124	422,064	321,733
Total revenues	<u>10,080,514</u>	<u>9,627,960</u>	<u>1,921,315</u>	<u>1,834,666</u>	<u>12,001,829</u>	<u>11,462,626</u>
Expenses:						
General government	2,311,388	2,011,390	-	-	2,311,388	2,011,390
Public safety	2,436,681	2,202,531	-	-	2,436,681	2,202,531
Highways and improvements	2,377,055	2,327,991	-	-	2,377,055	2,327,991
Parks and recreation	2,065,937	2,373,273	-	-	2,065,937	2,373,273
Interest on long-term debt	32,981	34,894	-	-	32,981	34,894
Water, sewer and storm drain	-	-	1,214,490	1,179,209	1,214,490	1,179,209
Total expenses	<u>9,224,042</u>	<u>8,950,079</u>	<u>1,214,490</u>	<u>1,179,209</u>	<u>10,438,532</u>	<u>10,129,288</u>
Excess (deficiency) before transfers and contributions	856,472	677,881	706,825	655,457	1,563,297	1,333,338
Transfers	(410,000)	(410,000)	410,000	410,000	-	-
Change in net position	<u>\$ 1,266,472</u>	<u>1,087,881</u>	<u>296,825</u>	<u>245,457</u>	<u>1,563,297</u>	<u>1,333,338</u>

Total revenues increased by \$539,203, while total expenses increased by \$309,244. The total net increase for the year of \$1,563,297 is an increase from the previous year of \$229,959.

Governmental activities revenues of \$10,080,514 is an increase of \$452,554 from the previous year. This is primarily due to an increase in tax revenues compared to the previous year. Governmental activities expenses of \$9,224,042 is an increase of \$273,963 from the previous year. Expenses within all departments increased with the exception of the parks and recreation department.

Business-type activities revenues of \$1,921,315 is an increase of \$86,648 from the previous year. Business-type activities expenses of \$1,214,490 is an increase of \$35,281 from the previous year.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$2,176,166 reflects a decrease of \$252,284 from the previous year. Total revenues, excluding transfers in, increased by \$430,956. Tax revenues increased by \$209,265. Revenue from licenses and permits increased by \$80,886. Intergovernmental revenues increased by \$10,443. Revenue from charges for services increased by \$85,712. Revenue from fines and forfeitures decreased by \$2,445. All other revenues increased by \$47,095. Transfers in from the Water and Sewer Fund and the Storm Drain Fund were made during the year amounting to \$410,000.

Total expenditures, excluding transfers out, increased by \$526,840. Expenditure changes from the previous year, by department, were: general government increased by \$267,114; public safety increased by \$212,980; streets and highways increased by \$74,189; and parks and recreation increased by \$90,333. Capital outlay expenditures decreased by \$117,775. Transfers out were made during the year to the capital projects fund and recreation fund amounting to \$2,273,836.

The fund balance restricted for Class C roads is \$366,465. The unassigned fund balance amounts to \$1,809,701.

Capital Projects Fund

The fund balance of \$4,099,421 reflects an increase of \$1,421,326 from the previous year. Total revenue, excluding transfers, increased by \$49,937. This increase is primarily a result of an increase in donations. Expenses increased during the year by \$223,636. A transfer in was made during the year from the general fund for \$2,171,590.

Water and Sewer Fund

Net income amounted to \$200,881, which is an increase of \$27,963 from the previous year net income. The amount restricted for construction is \$2,413,127. Unrestricted net position amounts to \$65,320.

Storm Drain Fund

The change in net position (net income) was \$95,944, an increase of \$23,405 from the previous year net income. Unrestricted net position amounts to \$1,212,553.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$8,390,095. Budgeted revenues were amended during the year to \$8,515,095. Actual revenues amounted to \$9,473,624.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$8,652,704. Budgeted expenditures were amended during the year to \$9,205,484. Actual expenditures amounted to \$7,862,072.

Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

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	9,890,780	10,038,564	-	-	9,890,780	10,038,564
Improvements other than buildings	1,906,563	1,820,408	-	-	1,906,563	1,820,408
Machinery and equipment	1,693,031	1,556,156	358,170	345,663	2,051,201	1,901,819
Infrastructure	2,464,168	2,436,076	-	-	2,464,168	2,436,076
Water system	-	-	2,770,285	2,135,723	2,770,285	2,135,723
Sewer system	-	-	3,364,399	3,052,518	3,364,399	3,052,518
Work in progress	-	419,787	1,087,974	1,240,098	1,087,974	1,659,886
Totals	<u>\$ 16,431,427</u>	<u>16,747,875</u>	<u>7,843,764</u>	<u>7,036,938</u>	<u>24,275,191</u>	<u>23,784,813</u>

The total amount of capital assets, net of depreciation, of \$24,275,191 is an increase of \$490,378 from the previous year.

Governmental activities capital assets, net of depreciation, of \$16,431,427 is a decrease of \$316,448 from the previous year.

Business-type activities capital assets, net of depreciation, of \$7,843,764 is an increase of \$806,826 from the previous year.

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

Moab City Corporation's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2003 Sales Tax Revenue	\$ 1,300,000	1,377,000
2009 Sales Tax Revenue	3,809,000	4,000,000
Total outstanding debt	<u>\$ 5,109,000</u>	<u>5,377,000</u>

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

Moab City Corporation
Management's Discussion and Analysis
June 30, 2016

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, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 5,393,058	3,049,273	8,442,331
Accounts receivable, net of allowances	123,712	134,041	257,753
Due from other governments	813,751	-	813,751
Other current assets	926	-	926
Total current assets	6,331,447	3,183,314	9,514,761
Non-current assets:			
Restricted cash and cash equivalents	350,394	748,400	1,098,794
Capital assets:			
Not being depreciated	476,884	1,350,910	1,827,794
Net of accumulated depreciation	15,954,543	6,492,855	22,447,397
Net pension asset	2,924	286	3,210
Total non-current assets	16,784,745	8,592,450	25,377,195
Total assets	23,116,192	11,775,764	34,891,956
Deferred outflows of resources - pensions	812,352	79,359	891,711
Total assets and deferred outflows of resources	\$ 23,928,544	11,855,123	35,783,667
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	286,698	88,411	375,109
Customer security deposits	-	1,625	1,625
Accrued interest payable	24,375	-	24,375
Revenue bond due within one year	270,000	-	270,000
Total current liabilities	581,073	90,036	671,109
Non-current liabilities:			
Compensated absences	366,582	38,839	405,421
Revenue bonds due after one year	4,839,000	-	4,839,000
Net pension liability	1,636,913	159,901	1,796,814
Total non-current liabilities	6,842,495	198,740	7,041,235
Total liabilities	7,423,567	288,776	7,712,344
Deferred inflows of resources - pensions	323,309	31,583	354,892
Total liabilities and deferred inflow of resources	7,746,877	320,359	8,067,236
NET POSITION:			
Net investment in capital assets	11,322,427	7,843,764	19,166,191
Restricted:			
Class C roads	366,465	-	366,465
Construction	-	2,413,127	2,413,127
Unrestricted	4,492,776	1,277,873	5,770,649
Total net position	16,181,668	11,534,764	27,716,432
Total liabilities, deferred inflows of resources, and net position	\$ 23,928,544	11,855,123	35,783,667

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, 2016

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<u>FUNCTIONS/PROGRAMS:</u>					
Primary government:					
Governmental activities:					
Administration	\$ 2,311,388	1,381,773	-	113,662	(815,952)
Public safety	2,436,681	20,714	25,473	-	(2,390,494)
Streets and highways	2,377,055	-	187,698	-	(2,189,358)
Parks and recreation	2,065,937	452,517	-	315,455	(1,297,964)
Interest on long-term debt	32,981	-	-	-	(32,981)
Total governmental activities	<u>9,224,042</u>	<u>1,855,004</u>	<u>213,171</u>	<u>429,117</u>	<u>(6,726,749)</u>
Business-type activities:					
Water and sewer utilities	1,214,490	1,656,808	-	111,060	553,378
Storm drain utility	-	140,944	-	-	140,944
Total business-type activities	<u>1,214,490</u>	<u>1,797,751</u>	<u>-</u>	<u>111,060</u>	<u>694,321</u>
Total primary government	<u>\$ 10,438,532</u>	<u>3,652,755</u>	<u>213,171</u>	<u>540,177</u>	<u>(6,032,428)</u>

(The statement of activities continues on following page)

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

Moab City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	<u>\$ (6,726,749)</u>	<u>694,321</u>	<u>(6,032,428)</u>
General revenues:			
Sales tax	1,794,758	-	1,794,758
Other taxes	5,489,963	-	5,489,963
Unrestricted investment earnings	51,826	12,504	64,329
Gain on sale of property	348	-	348
Miscellaneous	246,326	-	246,326
Transfers in (out)	<u>410,000</u>	<u>(410,000)</u>	<u>-</u>
Total general revenues and transfers	<u>7,993,222</u>	<u>(397,496)</u>	<u>7,595,725</u>
Change in net position	1,266,472	296,825	1,563,297
Net position - beginning	<u>14,915,195</u>	<u>11,237,939</u>	<u>26,153,134</u>
Net position - ending	<u><u>\$ 16,181,667</u></u>	<u><u>11,534,764</u></u>	<u><u>27,716,431</u></u>

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

Moab City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2016

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 1,088,473	4,175,879	128,706	5,393,058
Accounts receivable, net of allowances	935,765	1,698	-	937,463
Other current assets	926	-	-	926
Restricted cash and cash equivalents	350,394	-	-	350,394
TOTAL ASSETS	\$ 2,375,559	4,177,577	128,706	6,681,841
LIABILITIES				
Accounts payable	\$ 127,434	58,844	9,149	195,427
Accrued liabilities	71,959	19,312	-	91,271
TOTAL LIABILITIES	199,393	78,156	9,149	286,698
FUND BALANCES:				
Restricted for:				
Class C roads	366,465	-	-	366,465
Assigned for:				
Capital projects	-	3,649,421	-	3,649,421
USU Set-aside	-	450,000	-	450,000
Recreation	-	-	116,430	116,430
Youth city council	-	-	3,127	3,127
Unassigned	1,809,701	-	-	1,809,701
TOTAL FUND BALANCES	2,176,166	4,099,421	119,557	6,395,143
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,375,559	4,177,577	128,706	6,681,841

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, 2016

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Sales	\$ 1,794,758	-	-	1,794,758
Other taxes	5,489,963	-	-	5,489,963
Licenses and permits	266,170	-	-	266,170
Intergovernmental revenues	326,833	226,209	89,246	642,288
Charges for services	1,377,527	12,662	114,728	1,504,917
Fines and forfeitures	83,917	-	-	83,917
Interest	32,506	18,617	703	51,826
Miscellaneous revenue	101,949	128,885	15,840	246,674
Total revenues	<u>9,473,624</u>	<u>386,374</u>	<u>220,516</u>	<u>10,080,514</u>
EXPENDITURES:				
General government	1,996,102	32,018	-	2,028,119
Public safety	2,410,063	-	-	2,410,063
Highways and public improvements	2,139,836	15,304	-	2,155,140
Parks, recreation and public property	1,278,012	95,911	339,874	1,713,796
Capital outlay	38,060	690,980	-	729,040
Debt service:				
Principal	-	268,000	-	268,000
Interest	-	34,425	-	34,425
Total expenditures	<u>7,862,072</u>	<u>1,136,638</u>	<u>339,874</u>	<u>9,338,583</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>1,611,552</u>	<u>(750,264)</u>	<u>(119,357)</u>	<u>741,931</u>
Other Financing Sources and (Uses):				
Transfers in	410,000	2,171,590	145,611	2,727,201
Transfers (out)	(2,273,836)	-	(43,365)	(2,317,201)
Total other financing sources and (uses)	<u>(1,863,836)</u>	<u>2,171,590</u>	<u>102,246</u>	<u>410,000</u>
Net Change in Fund Balances	<u>(252,284)</u>	<u>1,421,326</u>	<u>(17,111)</u>	<u>1,151,931</u>
Fund balances - beginning	2,428,450	2,678,094	136,668	5,243,212
Fund balances - end of year	<u>\$ 2,176,166</u>	<u>4,099,421</u>	<u>119,557</u>	<u>6,395,143</u>

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

Moab City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 For the Year Ended June 30, 2016

Total Fund Balances for Governmental Funds	<u>\$ 6,395,143</u>
Total net position reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.	
Capital assets, at cost	25,891,464
Less accumulated depreciation	<u>(9,460,037)</u>
Net capital assets	<u>16,431,427</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>2,924</u>
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>812,352</u>
Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(5,109,000)</u>
Interest accrued but not yet paid on long-term debt	<u>(24,375)</u>
Compensated absences	<u>(366,582)</u>
Net pension liability	<u>(1,636,913)</u>
Deferred inflows of resources - pensions	<u>(323,309)</u>
Total Net Position of Governmental Activities	<u><u>\$ 16,181,668</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, 2016

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,151,931</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	729,040
Depreciation expense	<u>(1,045,488)</u>
Net	<u>(316,448)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>133,062</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>268,000</u>
<p>Accrued interest for long-term debt is not reported as an expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>1,444</u>
<p>Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental activities.</p>	
Change in compensated absences liability	<u>28,484</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,266,472</u></u>

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

Moab City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2016

	Water & Sewer Fund	Storm Drain Fund	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 1,843,646	1,205,627	3,049,273
Accounts receivable, net	119,791	14,250	134,041
Total current assets	1,963,437	1,219,877	3,183,314
Non-current assets:			
Restricted cash and cash equivalents	748,400	-	748,400
Capital assets:			
Not being depreciated	1,253,919	96,991	1,350,910
Net of accumulated depreciation	6,492,855	-	6,492,855
Net pension asset	286	-	286
Total non-current assets	8,495,459	96,991	8,592,450
Total assets	10,458,896	1,316,868	11,775,764
Deferred outflows of resources - pensions	79,359	-	79,359
Total assets and deferred outflows of resources	\$ 10,538,255	1,316,868	11,855,123
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 81,087	7,324	88,411
Customer security deposits	1,625	-	1,625
Total current liabilities	82,712	7,324	90,036
Non-current liabilities:			
Compensated absences	38,839	-	38,839
Net pension liability	159,901	-	159,901
Total non-current liabilities	198,740	-	198,740
Total liabilities	281,452	7,324	288,776
Deferred inflows of resources - pensions	31,583	-	31,583
Total liabilities and deferred inflows of resources	313,035	7,324	320,359
NET POSITION:			
Net investment in capital assets	7,746,774	96,991	7,843,764
Restricted for:			
Construction	2,413,127	-	2,413,127
Unrestricted	65,320	1,212,553	1,277,873
Total net position	10,225,221	1,309,543	11,534,764
Total liabilities, deferred inflows of resources, and net position	\$ 10,538,255	1,316,868	11,855,123

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

Moab City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Water & Sewer Fund	Storm Drain Fund	Total
Operating income:			
Charges for sales and service	\$ 1,506,891	140,944	1,647,834
Connection fees	72,564	-	72,564
Other operating income	77,353	-	77,353
Total operating revenue	<u>1,656,808</u>	<u>140,944</u>	<u>1,797,751</u>
Operating expenses:			
Personnel services	350,240	-	350,240
Utilities	113,755	-	113,755
Repair & maintenance	58,195	-	58,195
Other supplies & expenses	378,537	-	378,537
Insurance expense	1,560	-	1,560
Depreciation expense	312,203	-	312,203
Total operating expense	<u>1,214,490</u>	<u>-</u>	<u>1,214,490</u>
Net operating income (loss)	<u>442,318</u>	<u>140,944</u>	<u>583,261</u>
Non-operating income (expense):			
Impact fees	111,060	-	111,060
Interest income	12,504	-	12,504
Transfers in (out)	(365,000)	(45,000)	(410,000)
Total non-operating income (expense)	<u>(241,436)</u>	<u>(45,000)</u>	<u>(286,436)</u>
Change in net position	200,881	95,944	296,825
Net position - beginning	10,024,340	1,213,600	11,237,939
Net position - ending	<u>\$ 10,225,221</u>	<u>1,309,543</u>	<u>11,534,764</u>

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

Moab City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
For the Year Ended June 30, 2016

	Water & Sewer Fund	Storm Drain Fund	Total
Cash flows from operating activities:			
Cash received from customers - service	\$ 1,634,865	140,510	1,775,375
Cash paid to suppliers	(497,002)	7,324	(489,678)
Cash paid to employees	(352,917)	-	(352,917)
Net cash provided (used) in operating activities	784,946	147,834	932,780
Cash flows from noncapital financing activities:			
Change in customer deposits	(1,300)	-	(1,300)
Net interfund activity	(365,000)	(45,000)	(410,000)
Net cash provided (used) in noncapital financing activities	(366,300)	(45,000)	(411,300)
Cash flows from capital and related financing activities:			
Cash from impact fees	111,060	-	111,060
Cash payments for capital assets	(1,046,730)	(72,300)	(1,119,030)
Net cash provided (used) in capital and related financing activities	(935,670)	(72,300)	(1,007,969)
Cash flows from investing activities:			
Cash received from interest earned	12,504	-	12,504
Net cash provided (used) in investing activities	12,504	-	12,504
Net increase (decrease) in cash	(504,520)	30,535	(473,986)
Cash balance, beginning	3,096,566	1,175,092	4,271,659
Cash balance, ending	\$ 2,592,046	1,205,627	3,797,673
Cash reported on the statement of net position:			
Cash and cash equivalents	\$ 1,843,646	1,205,627	3,049,273
Non-current restricted cash	748,400	-	748,400
Total cash and cash equivalents	\$ 2,592,046	1,205,627	3,797,673

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

Moab City Corporation
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2016

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

	Water & Sewer Fund	Storm Drain Fund	Total
Net operating income (loss)	\$ 442,318	140,944	583,261
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	312,203	-	312,203
Changes in assets and liabilities:			
(Increase) decrease in receivables	(21,943)	(433)	(22,376)
(Increase) decrease in non-current assets	(27)	-	(27)
(Increase) decrease in deferred outflows	(51,052)	-	(51,052)
Increase (decrease) in payables	92,912	7,324	100,236
Increase (decrease) in deferred inflows	10,536	-	10,536
Net cash provided (used) in operating activities	<u>\$ 784,946</u>	<u>147,834</u>	<u>932,780</u>

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

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

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

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

Fund Financial Statements

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

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

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

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

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

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

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

Policy regarding use of restricted resources

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

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

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

Proprietary funds

The City reports the following major proprietary funds:

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

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

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

1-E-1. Deposit and Investments

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

1-E-2. Cash and Cash Equivalentents

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

1-E-3. Receivables and Payables

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

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

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

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

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

1-E-6. Capital Assets

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

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

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

1-E-6. Capital Assets (continued)

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

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

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

1-E-7. Long-term Obligations

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

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

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

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not currently have any deferred outflows of resources.

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 does not currently have any deferred inflows of resources.

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, 2016

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

1-E-10. Fund Equity

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

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

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

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

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

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

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

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

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

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

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

1-F. Estimates

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

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

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

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

2-B. Deficit fund net assets

None of the City's funds have deficit balances.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2016 consist of the following:

	<u>Fair Value</u>
Demand deposits	\$ 164,771
Savings	967,177
Investments - PTIF	8,409,176
Total cash	\$ 9,541,125

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

Cash and cash equivalents (current)	\$ 8,442,331
Restricted cash and cash equivalents (non-current)	1,098,794
Total cash and cash equivalents	\$ 9,541,125

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

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

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

3-A. Deposits and investments (continued)

Deposit and Investment Risk

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

Interest rate risk

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

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2016, \$500,000 of the City's demand deposits are covered by FDIC insurance.

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

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

3-B. Receivables

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

	Governmental Activities	Business-type Activities	Total
Customers	\$ 113,577	134,041	247,618
Intergovernmental receivables	813,751	-	813,751
Other receivables	10,135	-	10,135
Total	\$ 937,463	134,041	1,071,504

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

3-D. Capital Assets

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 476,884	-	-	476,884
Construction in progress	419,787	42,397	462,184	-
Total capital assets, not being depreciated	<u>896,671</u>	<u>42,397</u>	<u>462,184</u>	<u>476,884</u>
Capital assets, being depreciated:				
Buildings	12,116,787	157,402	-	12,274,189
Improvements other than buildings	3,796,221	296,274	-	4,092,495
Machinery and equipment	4,623,887	517,610	-	5,141,497
Infrastructure	3,728,857	177,542	-	3,906,399
Total capital assets, being depreciated	<u>24,265,753</u>	<u>1,148,827</u>	<u>-</u>	<u>25,414,580</u>
Less accumulated depreciation for:				
Buildings	2,078,224	305,185	-	2,383,409
Improvements other than buildings	1,975,813	210,118	-	2,185,931
Machinery and equipment	3,067,731	380,735	-	3,448,466
Infrastructure	1,292,781	149,450	-	1,442,231
Total accumulated depreciation	<u>8,414,549</u>	<u>1,045,488</u>	<u>-</u>	<u>9,460,037</u>
Total capital assets being depreciated, net	<u>15,851,203</u>	<u>103,339</u>	<u>-</u>	<u>15,954,543</u>
Governmental activities capital assets, net	<u>\$ 16,747,875</u>	<u>145,736</u>	<u>462,184</u>	<u>16,431,427</u>

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

Governmental activities:	
General government	\$ 348,609
Public safety	81,685
Highways and public improvements	241,644
Parks, recreation and public property	373,549
Total	<u>\$ 1,045,488</u>

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

3-D. Capital assets (continued)

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

	Beginning Balance	Additions	Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 262,935	-	-	262,935
Construction in progress	1,240,098	448,697	600,821	1,087,974
Total capital assets, not being depreciated	1,503,034	448,697	600,821	1,350,910
Capital assets, being depreciated:				
Water system	5,495,990	758,153	-	6,254,143
Sewer system	6,931,477	432,493	-	7,363,970
Machinery & equipment	1,290,692	80,507	-	1,371,199
Total capital assets, being depreciated	13,718,158	1,271,154	-	14,989,312
Less accumulated depreciation for:				
Water system	3,360,267	123,591	-	3,483,858
Sewer system	3,878,959	120,613	-	3,999,571
Machinery & equipment	945,029	67,999	-	1,013,028
Total accumulated depreciation	8,184,254	312,203	-	8,496,457
Total capital assets being depreciated, net	5,533,904	958,951	-	6,492,855
Business-type activities capital assets, net	\$ 7,036,938	1,407,648	600,821	7,843,765

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

Business-type activities:	
Water	\$ 161,673
Sewer	150,530
Total	\$ 312,203

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

3-E. Long-term debt

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

	Original Principal	%	6/30/2015	Additions	Reductions	6/30/2016	Due Within One Year
<u>Governmental activities:</u>							
2003 Sales Tax Revenue Matures 10/1/2029	\$ 2,050,000	2.50	\$ 1,377,000	-	77,000	1,300,000	79,000
2009 Sales Tax Revenue Bonds Matures 10/1/2035	4,764,000	-	4,000,000	-	191,000	3,809,000	191,000
Total governmental activity long-term liabilities			<u>\$5,377,000</u>	<u>-</u>	<u>268,000</u>	<u>5,109,000</u>	<u>270,000</u>

	Principal	Interest	Total
2017	\$ 270,000	32,500	302,500
2018	272,000	30,525	302,525
2019	274,000	28,500	302,500
2020	276,000	26,425	302,425
2021	278,000	24,300	302,300
2022 - 2026	1,423,000	87,800	1,510,800
2027 - 2031	1,372,000	26,400	1,398,400
2032 - 2035	944,000	-	944,000
Total	<u>\$5,109,000</u>	<u>256,450</u>	<u>5,365,450</u>

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 395,066	(28,484)	366,582
Business-type	28,517	10,322	38,839
Total	<u>\$ 423,583</u>	<u>(18,162)</u>	<u>405,421</u>

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

3-F. Interfund receivable, payables and transfers

Interfund transfers:

	<u>Transfers In</u>	<u>Transfers Out</u>
General fund	\$ 410,000	2,273,836
Recreation	145,611	43,365
Capital projects	2,171,590	-
Water and sewer fund	-	365,000
Storm drain fund	-	45,000
Total	\$ 2,727,201	2,727,201

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

NOTE 4 - OTHER INFORMATION

4-A. Risk management

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

4-B. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through November 16, 2016, the date the financial statements were available to be used.

4-C. Landfill agreement

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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4-D. Rounding Convention

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

4-E. 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;

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

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee 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, 2016

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 any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

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

Contributions:

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

Contribution rates are as follows:

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	16.67	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

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4-B. Pension Plans (continued)

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, 2016, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 311,453	N/A
Public Safety System	131,264	-
Tier 2 Public Employees System	71,331	-
Tier 2 Public Safety and Firefighter	42,971	-
Tier 2 DC Only System	2,915	N/A
Tier 2 DC Public Safety and Firefighter System	950	N/A
Total Contributions	\$ 560,884	-

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, 2016, we reported a net pension asset of \$3,210 and a net pension liability of \$1,796,814.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.2179161%	\$ -	1,233,075
Public Safety System	0.3147178%	-	563,739
Tier 2 Public Employees System	0.0396361%	87	-
Tier 2 Public Safety and Firefighter	0.2137309%	3,123	-
Total		\$ 3,210	1,796,814

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognize pension expense of \$415,147.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

4-B. Pension Plans (continued)

At June 30, 2016, 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	\$ 542	\$ 114,978
Changes in assumptions	-	107,197
Net difference between projected and actual earnings on pension plan investments	599,916	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,709	132,717
Contributions subsequent to the measurement date	289,544	-
Total	\$ 891,711	\$ 354,892

\$289,544 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. 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
2016	\$ 37,233
2017	37,233
2018	53,512
2019	120,679
2020	(236)
Thereafter	(1,148)

Actuarial assumptions:

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December, 31, 2013.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2016

4-B. Pension Plans (continued)

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		2.75%
	Expected arithmetic nominal return		7.98%

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

Discount rate:

The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

Moab City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2016

4-B. Pension Plans (continued)

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

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

System	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 2,605,366	1,233,075	87,488
Public Safety System	1,193,761	563,739	50,785
Tier 2 Public Employees System	15,867	(87)	(12,178)
Tier 2 Public Safety and Firefighter	5,308	(3,123)	(9,597)
Total	\$ 3,820,302	1,793,604	116,498

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. Oakley 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

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, 2016, were as follows:

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 37,659	27,571	25,027
Employee Contributions	48,623	76,137	74,678
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	53,660	60,026	40,185
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	6,952	5,830	3,595
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	650	200	-

REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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Moab City Corporation
Notes to Required Supplementary Information
June 30, 2016

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

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2016 was within the budget appropriations.

Changes in Assumptions Related to Pensions

Regarding the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions presented in this section, the following assumption changes were adopted from the most recent actuarial experience study:

There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decrease from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Moab City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)
 For the Year Ended June 30, 2016

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
Revenues				
Taxes	\$ 6,421,545	6,431,545	7,284,721	853,176
Licenses and permits	159,350	220,515	266,170	45,655
Intergovernmental revenues	345,301	345,301	326,833	(18,468)
Charges for services	1,299,899	1,353,734	1,377,527	23,793
Fines and forfeitures	65,000	65,000	83,917	18,917
Interest	30,500	30,500	32,506	2,006
Miscellaneous revenue	68,500	68,500	101,949	33,449
Total revenues	<u>8,390,095</u>	<u>8,515,095</u>	<u>9,473,624</u>	<u>958,529</u>
Expenditures				
General government	2,132,315	2,238,095	1,996,102	241,993
Public safety	2,631,617	2,725,617	2,448,123	277,494
Highways and public improvements	2,505,914	2,551,914	2,139,836	412,078
Parks and recreation	1,382,858	1,689,858	1,278,012	411,846
Total expenditures	<u>8,652,704</u>	<u>9,205,484</u>	<u>7,862,072</u>	<u>1,343,412</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(262,609)	(690,389)	1,611,552	2,301,941
Other Financing Sources and (Uses)				
Transfers in	410,000	410,000	410,000	-
Transfers out	(788,616)	(2,274,836)	(2,273,836)	1,000
Total Other Financing Sources and (Uses)	<u>(378,616)</u>	<u>(1,864,836)</u>	<u>(1,863,836)</u>	<u>1,000</u>
Net Change in Fund Balances	(641,225)	(2,555,225)	(252,284)	2,302,941
Fund Balances - beginning of year	2,428,450	2,428,450	2,428,450	-
Fund Balances - end of year	<u>\$ 1,787,225</u>	<u>(126,775)</u>	<u>2,176,166</u>	<u>2,302,941</u>

Moab City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2016
 Last 10 Fiscal Years*

	2015	2014
Noncontributory Retirement System		
Proportion of the net pension liability (asset)	0.2179161%	0.2429667%
Proportionate share of the net pension liability (asset)	\$ 1,233,075	\$ 1,055,019
Covered employee payroll	\$ 1,878,267	\$ 2,145,537
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	65.65%	49.20%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	90.20%
Public Safety System		
Proportion of the net pension liability (asset)	0.3147178%	0.3437599%
Proportionate share of the net pension liability (asset)	\$ 563,739	\$ 432,307
Covered employee payroll	\$ 518,613	\$ 567,252
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.70%	76.20%
Plan fiduciary net position as a percentage of the total pension liability	87.10%	90.50%
Tier 2 Public Employees Retirement System		
Proportion of the net pension liability (asset)	0.0396361%	0.0260728%
Proportionate share of the net pension liability (asset)	\$ (87)	\$ (790)
Covered employee payroll	\$ 256,204	\$ 128,012
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-3.00%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement		
Proportion of the net pension liability (asset)	0.2137309%	0.1428958%
Proportionate share of the net pension liability (asset)	\$ (3,123)	\$ (2,114)
Covered employee payroll	\$ 127,224	\$ 59,035
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-2.45%	-3.60%
Plan fiduciary net position as a percentage of the total pension liability	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, 2016
 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%
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%
Tier 2 Public Employees 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%
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%
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%
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%

* 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, 2016

	Recreation Fund	Youth City Council Fund	Total Non-Major Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 125,579	3,127	128,706
TOTAL ASSETS	\$ 125,579	3,127	128,706
 LIABILITIES			
Accounts payable	\$ 9,149	-	9,149
TOTAL LIABILITIES	9,149	-	9,149
 FUND BALANCES:			
Assigned for:			
Recreation	116,430	-	116,430
Youth city council	-	3,127	3,127
TOTAL FUND BALANCES	116,430	3,127	119,557
TOTAL LIABILITIES AND FUND BALANCES	\$ 125,579	3,127	128,706

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

Moab City Corporation
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES**
NONMAJOR GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2016

	Recreation Fund	Youth City Council Fund	Total Non-Major Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
REVENUES:			
Intergovernmental revenues	\$ 89,246	-	89,246
Charges for services	114,728	-	114,728
Interest	676	26	703
Miscellaneous revenue	15,840	-	15,840
Total revenues	<u>220,490</u>	<u>26</u>	<u>220,516</u>
EXPENDITURES:			
Parks, recreation and public property	339,874	-	339,874
Total expenditures	<u>339,874</u>	<u>-</u>	<u>339,874</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>(119,384)</u>	<u>26</u>	<u>(119,357)</u>
Other Financing Sources and (Uses):			
Transfers in	145,611	-	145,611
Transfers (out)	(43,365)	-	(43,365)
Total other financing sources and (uses)	<u>102,246</u>	<u>-</u>	<u>102,246</u>
Net Change in Fund Balances	(17,138)	26	(17,111)
Fund balances - beginning	133,568	3,100	136,668
Fund balances - end of year	<u>\$ 116,430</u>	<u>3,127</u>	<u>119,557</u>

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



**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, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated November 16, 2016.

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
November 16, 2016

**INDEPENDENT AUDITOR’S REPORT AS REQUIRED BY THE
STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE
COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE**

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, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance	Cash Management
Fund Balance	Enterprise Fund Transfers, Reimbursements, Loans, and Services
Utah Retirement Systems	Impact Fees
Restricted Taxes and Related Revenues	
Open and Public Meetings Act	
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 and Each Major State Program

In our opinion, Moab City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

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-2016.1. 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
November 16, 2016