

MOAB CITY CORPORATION
Grand County, Utah

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2011

MOAB CITY CORPORATION
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June 30, 2011

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Accountant's Report - placeholder only

MANAGEMENT'S DISCUSSION AND ANALYSIS

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MOAB CITY CORPORATION
Management's Discussion and Analysis
June 30, 2011

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, 2011.

FINANCIAL HIGHLIGHTS

- *Total net assets for the City as a whole increased by \$1,611,822.
- *Total unrestricted net assets for the City as a whole decreased by \$5,201,648.
- *Total net assets for governmental activities increased by \$1,620,301.
- *Total net assets for business-type activities decreased by \$8,479.

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 assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets 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 assets changed during the fiscal year reported. All changes in net assets 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.

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

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

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

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

The City adopts an annual appropriated budget for 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 funds to account for the operations of the water, sewer, and storm drain utilities.

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

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

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

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

MOAB CITY CORPORATION
Management's Discussion and Analysis
 June 30, 2011

FINANCIAL ANALYSIS

MOAB CITY CORPORATION's Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 3,504,153	7,777,846	4,268,631	4,038,782	7,772,785	11,816,627
Net capital assets	18,537,090	13,414,075	6,471,201	6,723,979	25,008,291	20,138,054
Total assets	<u>22,041,243</u>	<u>21,191,921</u>	<u>10,739,833</u>	<u>10,762,761</u>	<u>32,781,076</u>	<u>31,954,682</u>
Long-term liabilities	6,844,569	6,958,477	-	-	6,844,569	6,958,477
Other liabilities	714,142	1,371,213	59,477	73,926	773,619	1,445,139
Total liabilities	<u>7,558,710</u>	<u>8,329,689</u>	<u>59,477</u>	<u>73,926</u>	<u>7,618,188</u>	<u>8,403,615</u>
Net assets:						
Capital assets, net of debt	11,692,521	6,455,599	6,471,201	6,723,979	18,163,723	13,179,578
Restricted	1,912,602	456,694	2,413,127	2,039,710	4,325,729	2,496,404
Unrestricted	877,410	5,949,939	1,796,027	1,925,146	2,673,437	7,875,085
Total net assets	<u>\$ 14,482,533</u>	<u>12,862,232</u>	<u>10,680,355</u>	<u>10,688,835</u>	<u>25,162,888</u>	<u>23,551,066</u>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$25,162,888, an increase of \$1,611,822 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$2,673,437, which represents a decrease of \$5,201,648 from the previous year. Unrestricted net assets are those 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 assets 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.

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FINANCIAL ANALYSIS (continued)

MOAB CITY CORPORATION's Change in Net Assets

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	1,389,236	1,382,723	1,375,370	1,366,830	2,764,606	2,749,553
Operating grants	199,989	193,933	-	-	199,989	193,933
Capital grants	913,503	6,694,756	77,278	390,363	990,781	7,085,119
General revenues:						
Sales tax	1,338,286	1,303,089	-	-	1,338,286	1,303,089
Other taxes	3,889,991	3,679,557	-	-	3,889,991	3,679,557
Unrestricted investment earnings	89,645	87,537	4,379	12,098	94,024	99,635
Other revenues	684,484	538,192	-	-	684,484	538,192
Gain on sale of fixed assets	-	2,875	-	-	-	2,875
Total revenues	<u>8,505,134</u>	<u>13,882,663</u>	<u>1,457,027</u>	<u>1,769,291</u>	<u>9,962,161</u>	<u>15,651,954</u>
Expenses:						
General government	1,913,714	1,773,938	-	-	1,913,714	1,773,938
Public safety	1,950,842	1,832,365	-	-	1,950,842	1,832,365
Highways and improvements	2,072,908	2,155,593	-	-	2,072,908	2,155,593
Parks and recreation	1,275,677	1,004,199	-	-	1,275,677	1,004,199
Interest on long-term debt	61,692	66,372	-	-	61,692	66,372
Water and sewer	-	-	1,068,233	1,009,327	1,068,233	1,009,327
Storm drain	-	-	7,273	261,813	7,273	261,813
Total expenses	<u>7,274,833</u>	<u>6,832,467</u>	<u>1,075,507</u>	<u>1,271,140</u>	<u>8,350,339</u>	<u>8,103,608</u>
Excess (deficiency) before transfers	<u>1,230,301</u>	<u>7,050,195</u>	<u>381,521</u>	<u>498,151</u>	<u>1,611,822</u>	<u>7,548,346</u>
Transfers in (out)	390,000	344,500	(390,000)	(344,500)	-	-
Change in net assets	<u>1,620,301</u>	<u>7,394,695</u>	<u>(8,479)</u>	<u>153,651</u>	<u>1,611,822</u>	<u>7,548,346</u>

For the City as a whole, total revenues decreased by \$5,689,793 compared to the previous year, while total expenses increased by \$119,519. The total net change of \$1,611,822 is, in private sector terms, the net income for the year which is \$5,936,524 less than the previous year.

Governmental activities revenues of \$8,505,134 is a decrease of \$5,377,529 from the previous year. This is primarily due to a significant decrease in grants received. Governmental activities expenses of \$7,274,833 is an increase of \$442,365 from the previous year. Spending for all departments increased during the year, with the exception of the highways and improvements department.

Business-type activities revenue of \$1,457,027 is a decrease of \$312,264 from the previous year. This is due to a decrease in grants received during the year. Business-type activities expenses of \$1,075,507 is a decrease of \$195,634 from the previous year. Expenses for storm water operations decreased significantly compared to the previous year.

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BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$1,076,799 reflects a decrease of \$505,359 from the previous year. Total revenues increased by \$80,109. Tax revenues increased by \$245,631. Intergovernmental revenue increased by \$46,506. Proceeds from bonds decreased by \$301,880. All other revenues increased by \$89,852.

Total expenditures, excluding transfers out, increased by \$120,238. Expenditure changes from the previous year, by department were: general government increased by \$111,813; public safety increased by \$121,503; streets and highways decreased by \$88,956; and parks and recreation decreased by \$183,306. Capital outlay expenditures increased by \$85,170. Expenditures for principal and interest decreased by \$296,701 and \$5,897, respectively.

The amount restricted for Class C roads is \$94,644. The unassigned fund balance amounts to \$982,155.

Capital Projects Fund

The fund balance of \$1,969,970 reflects a decrease of \$3,085,590 from the previous year. Total revenue, excluding transfers, decreased by \$5,436,480. In the prior year, proceeds from bonds issued and grant revenues were received in the amount of \$6,614,346, while in the current year proceeds from bonds issued and grant revenues were \$860,907. Expenses increased during the year by \$2,280,673. This increase is primarily due to continued construction on the Aquatic Center.

Water and Sewer Fund

The change in net assets (net loss) was \$112,312. The amounts restricted for construction is \$2,413,127. Unrestricted net assets amount to \$937,914.

Storm Drain Fund

The change in net assets (net income) was \$103,833. Unrestricted net assets amount to \$858,113.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$6,148,550. This amount was amended in the final budget to \$6,167,350. Actual revenues, excluding transfers, amounted to \$6,825,809.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$6,715,578. This amount was amended in the final budget to \$6,735,878. Actual expenditures amounted to \$6,292,196.

Net transfers for the year were budgeted for net transfers in of \$35,028. This amount was amended during the year to net transfers out of \$889,972. Actual net transfers out were made in the amount of \$1,039,972.

MOAB CITY CORPORATION
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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	11,208,139	4,290,809	-	-	11,208,139	4,290,809
Improvements other than buildings	2,192,461	1,193,220	-	-	2,192,461	1,193,220
Machinery and equipment	1,975,301	1,964,635	192,807	175,768	2,168,108	2,140,403
Infrastructure	2,337,035	2,088,078	-	-	2,337,035	2,088,078
Water system	-	-	2,448,487	2,553,231	2,448,487	2,553,231
Sewer system	-	-	3,566,972	3,670,298	3,566,972	3,670,298
Work in progress	347,271	3,400,449	-	61,746	347,271	3,462,195
Totals	<u>\$ 18,537,090</u>	<u>13,414,075</u>	<u>6,471,201</u>	<u>6,723,979</u>	<u>25,008,291</u>	<u>20,138,054</u>

The total amount of capital assets, net of depreciation, of \$25,008,291 is an increase of \$4,870,237 from the previous year.

Governmental activities capital assets, net of depreciation, of \$18,537,090 is an increase of \$5,123,015 from the previous year.

Business-type activities capital assets, net of depreciation, of \$6,471,201 is a decrease of \$252,778 from the previous year.

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

MOAB CITY CORPORATION
Management's Discussion and Analysis
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CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)

MOAB CITY CORPORATION's Outstanding Debt - Revenue Bonds

	Current Year	Previous Year
Governmental activities:		
2011 Equipment Lease	\$ 62,127	-
2009 Equipment Lease	169,003	220,807
2010 Refinance Vehicles	-	-
2003 Sales Tax Revenue	1,666,000	1,734,000
2009 Sales Tax Revenue	4,764,000	4,764,000
Total governmental	6,661,130	6,718,807
Total outstanding debt	\$ 6,661,130	6,718,807

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

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

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BASIC FINANCIAL STATEMENTS

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MOAB CITY CORPORATION
STATEMENT OF NET ASSETS
June 30, 2011

	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current Assets:			
Cash and cash equivalents	\$ 2,505,795	3,416,191	5,921,987
Accounts receivable, net of allowances	625,477	104,040	729,517
Other assets	9,840	-	9,840
Total current assets	3,141,113	3,520,231	6,661,344
Non-current assets:			
Restricted cash and cash equivalents	363,040	748,400	1,111,440
Capital assets:			
Not being depreciated	824,155	262,935	1,087,090
Net of accumulated depreciation	17,712,936	6,208,266	23,921,201
Total non-current assets	18,900,131	7,219,601	26,119,732
Total assets	\$ 22,041,243	10,739,833	32,781,076
LIABILITIES:			
Current Liabilities:			
Accounts payable	\$ 357,102	14,007	371,109
Customer security deposits	-	5,850	5,850
Accrued interest	34,630	-	34,630
Deferred revenues	(8,399)	-	(8,399)
Revenue bonds due within one year	70,000	-	70,000
Capital leases due within one year	323,595	-	323,595
Total current liabilities	776,928	19,857	796,785
Non-current liabilities:			
Compensated absences	330,809	39,620	370,429
Revenue bonds due after one year	1,596,000	-	1,596,000
Capital leases due after one year	4,854,973	-	4,854,973
Total non-current liabilities	6,781,782	39,620	6,821,402
Total liabilities	7,558,710	59,477	7,618,188
NET ASSETS:			
Invested in capital assets, net of related debt	11,692,521	6,471,201	18,163,723
Restricted:			
Class C roads	94,644	-	94,644
Debt service	-	-	-
Construction	152,013	2,413,127	2,565,140
Unrestricted	2,543,354	1,796,027	4,339,381
Total net assets	14,482,533	10,680,355	25,162,888
Total liabilities and net assets	\$ 22,041,243	10,739,833	32,781,076

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, 2011

	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	\$ 1,913,714	1,069,951	-	55,450	(788,313)
Public safety	1,950,842	16,962	15,358	-	(1,918,522)
Streets and highways	2,072,908	-	184,631	-	(1,888,277)
Culture and recreation	1,275,677	302,322	-	858,053	(115,301)
Interest on long-term debt	61,692	-	-	-	(61,692)
Total governmental activities	<u>7,274,833</u>	<u>1,389,236</u>	<u>199,989</u>	<u>913,503</u>	<u>(4,772,104)</u>
Business-type activities:					
Water & Sewer Utilities	1,068,233	1,239,264	-	77,278	248,309
Storm Drain Utility	7,273	136,106	-	-	128,833
Total business-type activities	<u>1,075,507</u>	<u>1,375,370</u>	<u>-</u>	<u>77,278</u>	<u>377,142</u>
Total primary government	<u>\$ 8,350,339</u>	<u>2,764,606</u>	<u>199,989</u>	<u>990,781</u>	<u>(4,394,963)</u>

(continued on next page)

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

MOAB CITY CORPORATION
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2011

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET ASSETS:			
Net (expense) revenue (from previous page)	<u>\$ (4,772,104)</u>	<u>377,142</u>	<u>(4,394,963)</u>
General revenues:			
Sales tax	1,338,286	-	1,338,286
Other taxes	3,889,991	-	3,889,991
Unrestricted investment earnings	89,645	4,379	94,024
Miscellaneous	684,484	-	684,484
Transfers in (out)	<u>390,000</u>	<u>(390,000)</u>	<u>-</u>
Total general revenues and transfers	<u>6,392,406</u>	<u>(385,621)</u>	<u>6,006,785</u>
Change in net assets	1,620,301	(8,479)	1,611,822
Net assets - beginning	<u>12,862,232</u>	<u>10,688,835</u>	<u>23,551,066</u>
Net assets - ending	<u>\$ 14,482,533</u>	<u>10,680,355</u>	<u>25,162,888</u>

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

MOAB CITY CORPORATION
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 440,556	1,953,797	111,443	2,505,795
Accounts receivable, net of allowances	620,202	5,276	-	625,477
Other assets	9,840	-	-	9,840
Restricted cash and cash equivalents	211,027	152,013	-	363,040
TOTAL ASSETS	\$ 1,281,625	2,111,086	111,443	3,504,153
 LIABILITIES				
Accounts payable	\$ 213,224	140,115	3,762	357,102
Deferred revenues	(8,399)	-	-	(8,399)
TOTAL LIABILITIES	204,825	140,115	3,762	348,703
 FUND BALANCES:				
Restricted for:				
Class C roads	94,644	-	-	94,644
Capital projects	-	152,013	-	152,013
Assigned for:				
Capital projects	-	1,817,957	-	1,817,957
Recreation	-	-	104,647	104,647
Youth city council	-	-	3,034	3,034
Unassigned:				
General fund	982,155	-	-	982,155
TOTAL FUND BALANCES	1,076,799	1,970,970	107,681	3,155,451
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 1,281,625	 2,111,086	 111,443	 3,504,153

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, 2011

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Sales	\$ 1,338,286	-	-	1,338,286
Other taxes	3,889,991	-	-	3,889,991
Licenses and permits	117,335	-	-	117,335
Intergovernmental revenues	255,439	799,780	58,273	1,113,492
Charges for services	1,112,813	-	123,983	1,236,796
Fines and forfeitures	35,105	-	-	35,105
Interest	39,019	50,626	-	89,645
Miscellaneous revenue	37,820	541,530	105,134	684,484
Total revenues	<u>6,825,809</u>	<u>1,391,936</u>	<u>287,389</u>	<u>8,505,134</u>
EXPENDITURES:				
Current:				
General government	1,579,626	-	-	1,579,626
Public safety	1,878,893	-	-	1,878,893
Highways and public improvements	1,874,666	-	-	1,874,666
Parks, recreation and public property	683,016	44,090	385,740	1,112,847
Capital outlay	148,389	5,678,212	25,282	5,851,884
Debt service:				
Principal	108,035	68,000	-	176,035
Interest	18,570	43,350	-	61,920
Total expenditures	<u>6,291,196</u>	<u>5,833,653</u>	<u>411,022</u>	<u>12,535,871</u>
Excess (Deficiency) of Revenues over (Under) Expenditures	<u>534,613</u>	<u>(4,441,717)</u>	<u>(123,632)</u>	<u>(4,030,737)</u>
Other Financing Sources and (Uses):				
Proceeds from capital lease	-	62,127	-	62,127
Transfers in	390,000	1,295,000	134,972	1,819,972
Transfers (out)	(1,429,972)	-	-	(1,429,972)
Total other financing sources and (uses)	<u>(1,039,972)</u>	<u>1,357,127</u>	<u>134,972</u>	<u>452,127</u>
Net Change in Fund Balances	(505,359)	(3,084,590)	11,340	(3,578,610)
Fund balances - beginning of year	<u>1,582,159</u>	<u>5,055,560</u>	<u>96,341</u>	<u>6,734,060</u>
Fund balances - end of year	<u>\$ 1,076,799</u>	<u>1,970,970</u>	<u>107,681</u>	<u>3,155,451</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 ASSETS**
 June 30, 2011

Total Fund Balances for Governmental Funds	<u>\$ 3,155,451</u>
<p>Total net assets reported for governmental activities in the statement is different because:</p> <p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	22,911,151
Less accumulated depreciation	<u>(4,374,061)</u>
Net capital assets	<u>18,537,090</u>
<p>Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
General long-term debt	<u>(6,844,569)</u>
Interest accrued but not yet paid on long-term debt	<u>(34,630)</u>
Compensated absences	<u>(330,809)</u>
Total Net Assets of Governmental Activities	<u><u>\$ 14,482,533</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, 2011

Net Change in Fund Balances - Total Governmental Funds **\$ (3,578,610)**

Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital outlays	5,851,884
Depreciation expense	<u>(728,869)</u>
Net	<u>5,123,015</u>

Bond proceeds are reported as financing sources in government funds. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Debt issued - capital leases	<u>(62,127)</u>
-------------------------------------	------------------------

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Long-term debt principal repayments	<u>176,035</u>
--------------------------------------------	-----------------------

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>229</u>
-----------------------------------	-------------------

Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.

Change in compensated absence liability	<u>(38,240)</u>
------------------------------------------------	------------------------

Change in Net Assets of Governmental Activities **\$ 1,620,301**

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

MOAB CITY CORPORATION
STATEMENT OF NET ASSETS - PROPRIETARY FUND
June 30, 2011

	Water & Sewer Fund	Storm Drain Fund	Total
ASSETS:			
Current assets:			
Cash and cash equivalents	\$ 2,572,792	843,399	3,416,191
Accounts receivable, net	89,327	14,714	104,040
Total current assets	<u>2,662,119</u>	<u>858,113</u>	<u>3,520,231</u>
Non-current assets:			
Restricted cash and cash equivalents	748,400	-	748,400
Capital assets:			
Not being depreciated	262,935	-	262,935
Net of accumulated depreciation	6,208,266	-	6,208,266
Total non-current assets	<u>7,219,601</u>	<u>-</u>	<u>7,219,601</u>
Total assets	<u>\$ 9,881,720</u>	<u>858,113</u>	<u>10,739,833</u>
LIABILITIES:			
Current liabilities:			
Accounts payable	\$ 14,007	-	14,007
Customer security deposits	5,850	-	5,850
Total current liabilities	<u>19,857</u>	<u>-</u>	<u>19,857</u>
Non-current liabilities:			
Compensated absences	39,620	-	39,620
Total non-current liabilities	<u>39,620</u>	<u>-</u>	<u>39,620</u>
Total liabilities	<u>59,477</u>	<u>-</u>	<u>59,477</u>
NET ASSETS:			
Invested in capital assets, net of related debt	6,471,201	-	6,471,201
Restricted for:			
Construction	2,413,127	-	2,413,127
Unrestricted	937,914	858,113	1,796,027
Total net assets	<u>9,822,243</u>	<u>858,113</u>	<u>10,680,355</u>
Total liabilities and net assets	<u>\$ 9,881,720</u>	<u>858,113</u>	<u>10,739,833</u>

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

MOAB CITY CORPORATION
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN FUND NET ASSETS - PROPRIETARY FUND
June 30, 2011

	Water & Sewer Fund	Storm Drain Fund	Total
Operating income:			
Charges for sales and service	\$ 1,179,171	136,106	1,315,277
Connection fees	9,821	-	9,821
Other operating income	50,272	-	50,272
Total operating revenue	<u>1,239,264</u>	<u>136,106</u>	<u>1,375,370</u>
Operating expenses:			
Personal services	257,362	-	257,362
Utilities	81,051	-	81,051
Repair & maintenance	56,839	7,273	64,113
Other supplies & expenses	318,369	-	318,369
Insurance expense	1,560	-	1,560
Depreciation expense	353,053	-	353,053
Total operating expense	<u>1,068,233</u>	<u>7,273</u>	<u>1,075,507</u>
Net operating income (loss)	<u>171,031</u>	<u>128,833</u>	<u>299,864</u>
Non-operating income (expense):			
Impact fees	77,278	-	77,278
Interest income	4,379	-	4,379
Total non-operating income (expense)	<u>81,657</u>	<u>-</u>	<u>81,657</u>
Income (loss) before transfers and capital contributions	<u>252,688</u>	<u>128,833</u>	<u>381,521</u>
Transfers (out)	365,000	25,000	390,000
Change in net assets	(112,312)	103,833	(8,479)
Net assets, beginning	9,934,555	754,280	10,688,835
Net assets, ending	<u><u>\$ 9,822,243</u></u>	<u><u>858,113</u></u>	<u><u>10,680,355</u></u>

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

MOAB CITY CORPORATION
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2011

	Water & Sewer Fund	Storm Drain Fund	Total
Cash flows from operating activities:			
Cash received from customers - service	\$ 1,242,373	134,234	1,376,607
Cash paid to suppliers	(472,137)	(7,273)	(479,410)
Cash paid to employees	(256,892)	-	(256,892)
Net cash provided (used) in operating activities	513,344	126,961	640,305
Cash flows from noncapital financing activities:			
Change in customer deposits	(600)	-	(600)
Net interfund activity	(365,000)	(25,000)	(390,000)
Net cash provided (used) in noncapital financing activities	(365,600)	(25,000)	(390,600)
Cash flows from capital and related financing activities:			
Cash received from impact fees	77,278	-	77,278
Cash payments for capital assets	(100,275)	-	(100,275)
Net cash provided (used) in capital and related financing activities	(22,997)	-	(22,997)
Cash flows from investing activities:			
Cash received from interest earned	4,379	-	4,379
Net cash provided (used) in investing activities	4,379	-	4,379
Net increase (decrease) in cash	129,126	101,961	231,086
Cash balance, beginning	3,192,066	741,439	3,933,505
Cash balance, ending	\$ 3,321,192	843,399	4,164,591
Cash reported on the balance sheet:			
Cash and cash equivalents	\$ 2,572,792	843,399	3,416,191
Non-current restricted cash	748,400	-	748,400
Total cash and cash equivalents	\$ 3,321,192	843,399	4,164,591

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

MOAB CITY CORPORATION
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2011

**Reconciliation of Operating Income
to Net Cash Provided form Operating Activity:**

	Water & Sewer Fund	Storm Drain Fund	Total
Net operating income (expense)	\$ 171,031	128,833	299,864
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	353,053	-	353,053
Changes in assets and liabilities:			
(Increase) decrease in receivables	3,109	(1,872)	1,237
Increase (decrease) in payables	(13,849)	-	(13,849)
Net cash provided in operating activity	<u>\$ 513,344</u>	<u>126,961</u>	<u>640,305</u>

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

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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 Council-Manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

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

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

Fund Financial Statements

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

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP). The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements and applicable Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless they conflict with GASB pronouncements. The City's reporting entity does not apply FASB pronouncements or APB opinions issued after November 30, 1989.

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

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

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

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

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

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.

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 City reports the following non-major proprietary funds:

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

1-E. Assets, Liabilities, and Net Assets 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.

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

1-E-2. Cash and Cash Equivalents

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

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and 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.

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

Inventories 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.

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

1-E-6. Capital Assets

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

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

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
Buildings and improvements	30-45
Machinery and equipment	10-15
Vehicles	5-10
Infrastructure	30

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond issuance costs, bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Significant or material bond issuance costs are reported as deferred charges.

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.

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

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

1-E-8. Fund Equity

The governmental fund financial statements report reserved fund balance for amounts not available for appropriation of legally restricted for specified purposes. The General Fund reserve for restricted purposes includes fund balance/net assets resulting from Class C road allotments restricted for eligible road maintenance. Designations of fund balance represent tentative management plans that are subject to change.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 18% of the next year's budgeted 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

As of June 30, 2011, none of the City's funds have deficit fund balances.

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2011 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 650
Demand deposits - checking	1,399,942
Savings	2,181,076
Deposits - PTIF	3,451,759
Total cash	\$ 7,033,427

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

Cash and cash equivalents (current)	\$ 5,921,987
Restricted cash and cash equivalents (non-current)	1,111,440
Total cash and cash equivalents	\$ 7,033,427

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, 2011

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, 2011, \$500,000 of the City's demand and bank trust 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	\$ 95,464	108,499	203,963
Intergovernmental	519,129	-	519,129
Other receivables	10,884	-	10,884
Total receivables	\$ 625,477	108,499	733,977
Allowance for uncollectibles	-	(4,459)	(4,459)
Net receivables	\$ 625,477	104,040	729,517

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

3-C. Capital Assets

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land and rights	\$ 476,884	-	-	476,884
Construction in progress	3,400,449	5,055,945	8,109,123	347,271
Total capital assets, not being depreciated	<u>3,877,333</u>	<u>5,055,945</u>	<u>8,109,123</u>	<u>824,155</u>
Capital assets, being depreciated:				
Buildings	4,982,916	7,092,776	-	12,075,693
Improvements other than buildings	2,147,484	1,137,484	-	3,284,967
Machinery and equipment	3,346,632	310,121	-	3,656,754
Infrastructure	2,704,902	364,681	-	3,069,583
Total capital assets, being depreciated	<u>13,181,934</u>	<u>8,905,062</u>	<u>-</u>	<u>22,086,997</u>
Less accumulated depreciation for:				
Buildings	692,108	175,446	-	867,554
Improvements other than buildings	954,264	138,242	-	1,092,506
Machinery and equipment	1,381,997	299,456	-	1,681,453
Infrastructure	616,824	115,725	-	732,548
Total accumulated depreciation	<u>3,645,192</u>	<u>728,869</u>	<u>-</u>	<u>4,374,061</u>
Total capital assets being depreciated, net	<u>9,536,742</u>	<u>8,176,194</u>	<u>-</u>	<u>17,712,936</u>
Governmental activities capital assets, net	<u>\$ 13,414,075</u>	<u>13,232,139</u>	<u>8,109,123</u>	<u>18,537,090</u>

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

Governmental activities:	
General government	\$ 295,848
Public safety	71,949
Highways and public improvements	198,242
Parks, recreation and public property	162,830
Total	<u>\$ 728,869</u>

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

3-C. Capital assets (continued)

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land and water shares	\$ 262,935	-	-	262,935
Construction in progress	61,746	-	61,746	-
Total capital assets, not being depreciated	<u>324,682</u>	<u>-</u>	<u>61,746</u>	<u>262,935</u>
Capital assets, being depreciated:				
Water system	5,203,710	58,042	-	5,261,752
Sewer system	6,879,898	51,579	-	6,931,477
Machinery & equipment	831,064	52,400	-	883,465
Total capital assets, being depreciated	<u>12,914,672</u>	<u>162,021</u>	<u>-</u>	<u>13,076,693</u>
Less accumulated depreciation for:				
Water system	2,650,479	162,786	-	2,813,265
Sewer system	3,209,599	154,905	-	3,364,505
Machinery & equipment	655,296	35,362	-	690,658
Total accumulated depreciation	<u>6,515,375</u>	<u>353,053</u>	<u>-</u>	<u>6,868,427</u>
Total capital assets being depreciated, net	<u>6,399,297</u>	<u>(191,031)</u>	<u>-</u>	<u>6,208,266</u>
Business-type activities capital assets, net	<u>\$ 6,723,979</u>	<u>(191,031)</u>	<u>61,746</u>	<u>6,471,201</u>

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

Business-type activities:	
Water	\$ 192,747
Sewer	<u>160,306</u>
Total	<u>\$ 353,053</u>

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

3-D. Long-term debt

	Original Principal	% Rate	6/30/2010	Additions	Reductions	6/30/2011	Due Within One Year
Governmental activities:							
2011 Equipment Lease Matures 1/25/2014	\$ 62,127	3.66	-	62,127	-	62,127	19,969
2009 Equipment lease Matures 3/24/2014	270,500	4.25	220,807	-	51,805	169,003	54,006
REFINANCE VEHICLES 2010 Matures 6/24/2014	332,080	4.25	269,869	-	56,230	213,639	58,620
2003 Sales Tax Revenue Matures 10/1/2029	2,050,000	2.50	1,734,000	-	68,000	1,666,000	70,000
2009 Sales Tax Revenue Bonds Matures 10/1/2035	4,764,000	-	<u>4,764,000</u>	<u>-</u>	<u>-</u>	<u>4,764,000</u>	<u>191,000</u>
Total governmental activity long-term liabilities				<u>\$6,988,676</u>	<u>62,127</u>	<u>176,035</u>	<u>6,874,769</u>
						<u>6,874,769</u>	<u>393,595</u>

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2012	\$ 393,595	58,903	452,498
2013	400,113	51,635	451,748
2014	407,861	44,112	451,973
2015	266,000	36,300	302,300
2016	268,000	34,425	302,425
2017 - 2021	1,370,000	142,250	1,512,250
2022 - 2026	1,423,000	87,800	1,510,800
2027 - 2031	1,372,000	26,400	1,398,400
2032 - 2035	<u>944,000</u>	<u>-</u>	<u>944,000</u>
Total	<u>\$6,844,569</u>	<u>481,825</u>	<u>7,326,394</u>

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensate absences:			
Governmental	\$ 292,569	38,240	330,809
Business-type	<u>39,151</u>	<u>469</u>	<u>39,620</u>
Total	<u>\$ 331,720</u>	<u>38,709</u>	<u>370,429</u>

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
 June 30, 2011

3-E. Interfund receivables, payables, and transfers

Interfund transfers:

	Transfers Out:			Total
	General	Water and Sewer	Storm Drain	
<u>Transfers In:</u>				
General fund	\$ -	365,000	25,000	390,000
Recreation	134,972	-	-	134,972
Capital projects	1,295,000	-	-	1,295,000
Total	<u>1,429,972</u>	<u>365,000</u>	<u>25,000</u>	<u>1,819,972</u>

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. Employee pension and other benefit plans

Plan Description:

The City contributes to the Local Governmental Noncontributory Retirement System (Noncontributory System) and Public Safety Retirement System (Public Safety System) for employers with (without) Social Security coverage, all of which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). The Systems provide retirement benefits, annual cost of living adjustments, death benefits and refunds to plan members and beneficiaries in accordance with retirement statutes established and amended by the State Legislature.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and Plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

MOAB CITY CORPORATION
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

4-B. Employee pension and other benefit plans (continued)

Funding Policy:

The City is required to contribute a percent of covered salary to the respective systems: 13.37% to the Noncontributory and 26.13% to the Public Safety Noncontributory Systems. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2011, 2010 and 2009 respectively, were: for the Noncontributory System, \$251,908, \$211,007, and \$211,289, and for the Public Safety Noncontributory \$125,207, \$119,256, and \$126,600, respectively. The contributions were equal to the required contributions for each year.

IRC Code Section 401K Plan:

The City participates in a 401k plan offered through the Utah State Retirement Systems. The City's contributions for the years ending June 30, 2011, 2010 and 2009 were \$15,677, \$12,859 and \$15,091, respectively.

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 \$164,126 for the Klondike Landfill and for the Moab Landfill.

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REQUIRED SUPPLEMENTAL INFORMATION
(Unaudited)

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MOAB CITY CORPORATION
Notes to Required Supplementary Information
June 30, 2011

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the Town'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, 2011, spending for all departments spending was within the appropriated budget.

MOAB CITY CORPORATION
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGED IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
(Unaudited)

For the Year Ended June 30, 2011

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
Revenues				
Taxes	\$ 4,641,000	4,641,000	5,228,277	587,277
Licenses and permits	107,100	107,100	117,335	10,235
Intergovernmental revenues	263,500	265,300	255,439	(9,861)
Charges for services	994,650	1,011,650	1,112,813	101,163
Fines and forfeitures	51,400	51,400	35,105	(16,295)
Interest	36,000	36,000	39,019	3,019
Miscellaneous revenue	39,900	39,900	37,820	(2,080)
Total revenues	<u>6,133,550</u>	<u>6,152,350</u>	<u>6,825,809</u>	<u>673,459</u>
Expenditures				
General government	1,628,685	1,635,635	1,579,626	56,009
Public safety	2,056,510	2,059,860	1,949,112	110,748
Highways and public improvements	2,185,381	2,188,081	1,952,837	235,244
Parks and recreation	717,818	724,618	683,016	41,602
Debt Service:				
Principal	105,922	118,221	108,035	10,186
Interest	21,262	9,463	18,570	(9,107)
Total expenditures	<u>6,715,578</u>	<u>6,735,878</u>	<u>6,291,196</u>	<u>444,682</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ (583,528)</u>	<u>(583,528)</u>	<u>534,613</u>	<u>1,118,141</u>
Other Financing Sources and (Uses)				
Proceeds from sale of fixed assets	15,000	15,000	-	(15,000)
Transfers in	540,000	540,000	390,000	(150,000)
Transfers (out)	(504,972)	(1,429,972)	(1,429,972)	-
Total Other Financing Sources and (Uses)	<u>50,028</u>	<u>(874,972)</u>	<u>(1,039,972)</u>	<u>(165,000)</u>
Net Change in Fund Balances	<u>(533,500)</u>	<u>(1,458,500)</u>	<u>(505,359)</u>	<u>953,141</u>
Fund Balances - beginning of year	1,582,159	1,582,159	1,582,159	-
Fund Balances - end of year	<u><u>\$ 1,048,659</u></u>	<u><u>123,659</u></u>	<u><u>1,076,799</u></u>	<u><u>953,141</u></u>