

MOAB CITY
CORRESPONDENCE WITH THOSE
CHARGED WITH GOVERNANCE
JUNE 30, 2023



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDELA HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
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SIDNEY S. GILBERT, CPA
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March 20, 2024

Honorable Mayor and Members of the City Council
Moab City
Moab, UT

We have audited the financial statements of the Moab City (the City) for the year ended June 30, 2023 and have issued our report thereon dated March 20, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated August 25, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the City are described in Note 1 to the financial statements. We noted no transactions entered by the City during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the entity's financial statements was:

Management's estimate of the useful lives of depreciable assets, and the applicable depreciation amounts are based on estimated usefulness of the assets in question and the related wear and tear on those assets. We evaluated the key factors and assumptions used to develop these amounts in determining that they were reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, like obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Utah State Legal Compliance Findings – Current Year:

23-1 General Compliance – Fund Balance

Finding: State law requires that a city does not have an unrestricted fund balance that exceeds 35% of the total revenue of the general fund for the fiscal year under audit. During our audit we noted that the City had an unrestricted fund balance in excess of the allowed amount. The unrestricted fund balance exceeded the limit by \$1,395,828.

Recommendation: It is recommended that the City brings the unrestricted fund balance in accordance with Utah State law.

City's Response: The City will make the necessary changes to reduce unrestricted fund balance in accordance with Utah State law.

Utah State Legal Compliance Findings – Prior Year:

22-1 General Compliance – Fund Balance

Finding: State law requires that a city does not have an unrestricted fund balance that exceeds 35% of the total revenue of the general fund for the fiscal year under audit. During our audit we noted that the City had an unrestricted fund balance in excess of the allowed amount. The unrestricted fund balance exceeded the limit by \$531,022.

Recommendation: It is recommended that the City brings the unrestricted fund balance in accordance with Utah State law.

City's Response: See Finding 23-1.

We wish to express our appreciation to the City personnel for the friendly help extended to us during our examination.

This information is intended solely for the use of the City Management and is not intended to be and should not be used by anyone other than these specified parties. If you have any questions concerning the above items, we will be happy to discuss them with you.

Sincerely,

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants

MOAB CITY

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

MOAB CITY
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INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the accompanying financial statements of the business-type activities of Moab City as of and for the year ended June 30, 2023 and the related notes to the financial statements which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Moab City as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Moab City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Moab City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Obtain an understanding of internal control relevant to the audit 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 Moab City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Moab City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information, and Utah Retirement systems tables, on pages as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 our report dated March 20, 2024 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.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, UT

March 20, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Moab City, we offer the readers of the financial statements this narrative overview and analysis of the financial activities of Moab City for the fiscal year ended June 30, 2023.

Financial Highlights

- In the Government Wide Statement of Net Position, the total net position of \$50,405,695 is made up of \$30,918,559 in net investment in capital assets, \$4,285,714 in restricted net position, and \$15,201,422 in unrestricted net position. Total net position increased by \$4,265,567 from the prior year.
- As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$12,694,856. Of this amount, \$2,323,082 must only be spent on projects for which the money is restricted. \$3,482,091 is assigned by the City for various projects. The remaining \$6,889,683 is unassigned in the general fund.
- In the enterprise (proprietary) funds, operating revenues increased by \$364,967. Corresponding operating expenses increased by \$1,484,272.

Reporting the City as a Whole

This discussion and analysis is intended to serve as an introduction to Moab City's basic financial statements. Moab City's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

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

- The *statement of net position* presents information on all of Moab City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Moab City is improving or deteriorating. However, you will also need to consider other non-financial factors.
- 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, all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Both of the government-wide financial statements distinguish functions of Moab 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 government-wide financial statements can be found on pages 9 and 10 of this report.

Reporting the City's Most Significant Funds

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. Moab 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. These fund statements focus on how money flows into and out of these funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the fund financial statements.

The governmental fund financial statements can be found on pages 11-14 this report.

The major governmental funds (as determined by generally accepted accounting principles) are the general fund and certain debt service funds. The balance of the governmental funds are determined to be nonmajor and are included in the combined statements within this report.

- Proprietary funds – Moab 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. Moab City uses enterprise funds to account for its water utility, sewer utility, and storm drain.

The basic proprietary fund financial statements can be found on pages 15-17 of this report.

- Additionally, the City reports the following fund types:
The Internal Service Fund accounts for the health insurance services provided to other departments of the government on a cost reimbursement basis.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Moab City, assets and deferred outflows exceed liabilities and deferred inflows by \$50,405,695.

One of the largest portions of Moab City’s net position (61%) reflects its investment in capital assets (e.g., land, buildings, infrastructure assets, and machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table summarizes the City’s net position. Comparative figures for Fiscal Years 2023 and 2022 are shown below:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 15,659,203	\$ 16,443,025	\$ 16,731,591	\$ 11,320,882	\$ 32,390,794	\$ 27,763,907
Capital Assets	20,609,894	17,808,693	32,223,048	31,286,802	52,832,942	49,095,495
Total assets	<u>36,269,097</u>	<u>34,251,718</u>	<u>48,954,639</u>	<u>42,607,684</u>	<u>85,223,736</u>	<u>76,859,402</u>
Deferred Outflows of Resources	1,344,511	864,349	142,105	91,355	1,486,616	955,704
Long-term debt outstanding	6,725,849	6,122,250	26,550,603	21,022,528	33,276,452	27,144,778
Other liabilities	2,306,812	1,009,619	455,757	334,311	2,762,569	1,343,930
Total liabilities	<u>9,032,661</u>	<u>7,131,869</u>	<u>27,006,360</u>	<u>21,356,839</u>	<u>36,039,021</u>	<u>28,488,708</u>
Deferred Inflows of Resources	258,136	2,901,785	7,500	284,484	265,636	3,186,269
Net position:						
Net investment in capital assets,	15,158,376	18,378,825	15,760,183	15,469,232	30,918,559	33,848,057
Restricted	2,638,842	1,685,148	1,646,872	2,244,956	4,285,714	3,930,104
Unrestricted	10,525,593	5,018,439	4,675,829	3,343,528	15,201,422	8,361,967
Total net assets	<u>\$ 28,322,811</u>	<u>\$ 25,082,412</u>	<u>\$ 22,082,884</u>	<u>\$ 21,057,716</u>	<u>\$ 50,405,695</u>	<u>\$ 46,140,128</u>

The following table summarizes the changes in net position:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Charges for services	\$ 2,782,425	\$ 2,499,043	\$ 5,217,516	\$ 4,529,907	\$ 7,999,941	\$ 7,028,950
Operating grants & contrib.	130,000	380,760	332,726	20,000	462,726	400,760
Capital grants & contrib.	728,586	1,310,939	401,328	526,751	1,129,914	1,837,690
General revenues:						
General sales tax	3,085,764	3,092,900	-	-	3,085,764	3,092,900
Other Taxes	10,480,776	10,671,190	-	-	10,480,776	10,671,190
Other Revenues	2,807,508	86,729	-	-	2,807,508	86,729
Total revenues	<u>20,015,059</u>	<u>18,041,561</u>	<u>5,951,570</u>	<u>5,076,658</u>	<u>25,966,629</u>	<u>23,118,219</u>
Expenses:						
General government	\$ 4,071,412	\$ 3,497,361	\$ -	\$ -	\$ 4,071,412	\$ 3,497,361
Public safety	4,141,174	2,849,929	-	-	4,141,174	2,849,929
Highways & public Improvement	5,053,614	3,839,956	-	-	5,053,614	3,839,956
Parks and recreation	3,225,521	2,465,882	-	-	3,225,521	2,465,882
Community Services	899,293	889,869	-	-	899,293	889,869
Interest on long-term debt	102,215	218,772	-	-	102,215	218,772
Water utility	-	-	1,456,911	1,075,815	1,456,911	1,075,815
Sewer utility	-	-	2,194,160	1,435,815	2,194,160	1,435,815
Storm drain	-	-	139,937	19,582	139,937	19,582
Transit	-	-	416,825	17,331	416,825	17,331
Total expenses	<u>17,493,229</u>	<u>13,761,770</u>	<u>4,207,833</u>	<u>2,548,543</u>	<u>21,701,062</u>	<u>16,310,313</u>
Increase (decrease) in net assets						
before transfers	2,521,830	4,279,791	1,743,737	2,528,115	4,265,567	6,807,906
Transfers	<u>718,569</u>	<u>1,027,084</u>	<u>(718,569)</u>	<u>(1,027,084)</u>	<u>-</u>	<u>-</u>
Increase (decr.) in net assets	3,240,399	5,306,875	1,025,168	1,501,031	4,265,567	6,807,906
Net position - beginning	25,082,412	19,775,537	21,057,716	19,556,685	46,140,128	39,332,222
Net position - ending	<u>\$ 28,322,811</u>	<u>\$ 25,082,412</u>	<u>\$ 22,082,884</u>	<u>\$ 21,057,716</u>	<u>\$ 50,405,695</u>	<u>\$ 46,140,129</u>

Governmental Activities

Governmental activities increased the City's net position by \$3,240,399. The increase is due mainly to strong tourism growth, which helped fuel the increase in revenues related to sales taxes, and other taxes. Also contributing to the increase in net position is the City's commitment to conservative budgeting in order to keep expenditures as low as possible.

Business-type activities

Business-type activities increased the City's net position by \$1,025,168. As of the end of the current fiscal year, all the City's business-type funds reported positive net position.

Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$12,694,856. Of this total amount, 82% constitutes assigned and unassigned fund balances. \$3,482,091 is assigned by the administration of the City and will be used for the following: \$693,473 for recreation, \$1,253,711 for capital projects, \$1,531,580 for housing, and \$3,327 for youth council. \$6,889,683 is unassigned and is available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$6,889,683, an increase of \$951,078 from fiscal year 2022. The total fund balance is \$9,163,394, an increase of \$1,689,430 from the prior year. A major reason was an increase in revenues due to the growing number of residents building within the City.

The City has one major Governmental Fund

1. General Capital Projects fund. The fund was created to account for financial resources to be used for the acquisition and construction of major capital facilities within the City. At the end of fiscal year 2023, the fund balance is \$1,272,984 which is a decrease of \$1,156,587.

The City maintains enterprise funds to account for the business-type activities of the City. The information is found in the government-wide financial statements, but in more detail.

Unrestricted net position of the combined enterprise funds at the end of the year amounted to \$4,675,829. The net investment in capital assets in these same funds is \$15,760,183.

The water and sewer, storm drain, and transit funds showed a net operating profit, after non-operating revenues/expenses, contributions, and transfers are considered. The water, sewer, storm drain, and transit net position increased by \$243,949, \$527,163, \$212,724, and \$41,332, and respectively.

General Fund Budgetary Highlights

During the fiscal year, the general fund's original budget was amended from an original budget revenue total of \$17,433,389 to a final revenue budget of \$18,788,508. The increase reflects increased charges for services, insurance recoveries and transfers.

During the fiscal year, the general fund's original budget was amended from an original budget expense total of \$18,161,014 to a final revenue budget of \$21,102,074. The increase reflects increased general government and transfers.

Capital Assets and Debt Administration

Capital Assets – Moab City's investment in capital assets for its governmental and business-type activities as of June 30, 2023, amounts to \$52,832,942 (net of accumulated depreciation). The investment in capital assets includes land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress.

The following table summarizes the capital assets of the governmental and business-type activities:

Moab City's Capital Assets

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and water rights	\$ 2,276,884	\$ 2,276,884	\$ 262,935	\$ 262,935	\$ 2,539,819	\$ 2,539,819
Buildings	8,684,226	8,150,053	-	-	8,684,226	8,150,053
Improvements	1,113,003	1,097,415	-	-	1,113,003	1,097,415
Autos and Trucks	941,203	269,612	46,949	6,431	988,152	276,043
Machinery and Equipment	269,311	383,139	656,688	784,069	925,999	1,167,208
Office equipment	370,465	148,854	-	-	370,465	148,854
Infrastructure	4,850,115	5,115,826	-	-	4,850,115	5,115,826
Water System	-	-	2,489,762	2,661,375	2,489,762	2,661,375
Sewer System	-	-	22,410,562	23,054,613	22,410,562	23,054,613
Storm Drain System	-	-	2,519,996	2,584,611	2,519,996	-
Construction in progress	2,036,040	204,322	3,836,156	1,932,768	5,872,196	2,137,090
Right to Use Asset	68,647	162,588	-	-	68,647	162,588
Total net assets	<u>\$ 20,609,894</u>	<u>\$ 17,808,693</u>	<u>\$ 32,223,048</u>	<u>\$ 31,286,802</u>	<u>\$ 52,832,942</u>	<u>\$ 46,510,884</u>

Additional information on the City's capital assets can be found in the notes to this financial report.

Long-term debt. At the end of the current year, the City had total bonded debt outstanding of \$34,658,000.

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Sales tax bonds	\$ 3,177,000	\$ 3,459,000	\$ -	\$ -	\$ 3,177,000	\$ 3,459,000
CIB bonds	609,000	640,000	-	-	609,000	640,000
Direct Funding	1,560,000	1,628,000	-	-	1,560,000	1,628,000
Revenue bonds	-	-	26,401,000	20,985,000	26,401,000	20,985,000
Total bonds	<u>\$ 5,346,000</u>	<u>\$ 5,727,000</u>	<u>\$ 26,401,000</u>	<u>\$ 20,985,000</u>	<u>\$ 31,747,000</u>	<u>\$ 26,712,000</u>

During fiscal year 2023, the City's total outstanding debt increased by a net amount of \$5,035,000. The main reason for this change was the issuance of the 2023 Sewer revenue bonds in the amount of \$6,500,000. The City's debt was also reduced by principal payments during the year in the amount of \$1,465,000.

Additional information on the City's long-term debt can be found in the notes to this financial report.

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.

Request 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.

BASIC FINANCIAL STATEMENTS

MOAB CITY
Statement of Net Position
June 30, 2023

	Primary Government		Total
	Governmental Activities	Business-type Activities	
ASSETS			
Cash and cash equivalents	\$ 10,697,250	\$ 5,425,712	\$ 16,122,962
Receivables:			
Accounts Receivable (net of allowance)	2,165,451	551,263	2,716,714
Leases	187,179		187,179
Other Current Assets	579	-	579
Internal balances	-	-	-
Restricted cash and cash equivalents	2,608,744	10,754,616	13,363,360
Net pension asset	-	-	-
Capital assets (not being depreciated):	4,278,320	3,836,155	8,114,475
Capital Assets (net of accumulated depreciation):	16,331,574	28,386,893	44,718,467
Total assets	<u>36,269,097</u>	<u>48,954,639</u>	<u>85,223,736</u>
DEFERRED OUT FLOW OF RESOURCES			
Pension related costs	1,344,511	142,105	1,486,616
Total Deferred outflow of resources	<u>1,344,511</u>	<u>142,105</u>	<u>1,486,616</u>
LIABILITIES			
Accounts payable	1,446,634	230,524	1,677,158
Accrued liabilities	484,484	26,361	510,845
Accrued Interest Payable	59,934	198,872	258,806
Unearned revenue	315,760	-	315,760
Non current liabilities:			
Due within one year	455,608	1,451,000	1,906,608
Due in more than one year	6,270,241	25,099,603	31,369,844
Total liabilities	<u>9,032,661</u>	<u>27,006,360</u>	<u>36,039,021</u>
DEFERRED INFLOWS OF RESOURCES			
Pension related costs	70,957	7,500	78,457
Leases related costs	187,179	-	187,179
Total Deferred inflow of resources	<u>258,136</u>	<u>7,500</u>	<u>265,636</u>
NET POSITION			
Net investment in capital assets	15,158,376	15,760,183	30,918,559
Restricted for:			
Debt Service	365,131	-	365,131
Construction	315,760	1,646,872	1,962,632
Road Maintenance	1,957,951	-	1,957,951
Unrestricted	10,525,593	4,675,829	15,201,422
Total net position	<u>\$ 28,322,811</u>	<u>\$ 22,082,884</u>	<u>\$ 50,405,695</u>

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

MOAB CITY
Statement of Activities
For the Year Ended June 30, 2023

Function/Programs	Expenses	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 4,071,412	\$ 99,093	\$ -	\$ -	\$ (3,972,319)	\$ -	\$ (3,972,319)
Public safety	4,141,174	188,306	-	115,793	(3,837,075)	-	(3,837,075)
Highways and public improvements	5,053,614	1,517,300	-	603,584	(2,932,730)	-	(2,932,730)
Parks and recreation	3,225,521	571,628	130,000	-	(2,523,893)	-	(2,523,893)
Community services	899,293	406,098	-	9,209	(483,986)	-	(483,986)
Interest on long-term debt	102,215	-	-	-	(102,215)	-	(102,215)
Total governmental activities	<u>17,493,229</u>	<u>2,782,425</u>	<u>130,000</u>	<u>728,586</u>	<u>(13,852,218)</u>	<u>-</u>	<u>(13,852,218)</u>
Business-type activities:							
Water	1,456,911	2,033,988	-	46,872	-	623,949	623,949
Sewer	2,194,160	2,746,867	-	354,456	-	907,163	907,163
Storm drain	139,937	436,661	-	-	-	296,724	296,724
Transit	416,825	-	332,726	-	-	(84,099)	(84,099)
Total business-type activities	<u>4,207,833</u>	<u>5,217,516</u>	<u>332,726</u>	<u>401,328</u>	<u>-</u>	<u>1,743,737</u>	<u>1,743,737</u>
Total primary government	<u>\$ 21,701,062</u>	<u>\$ 7,999,941</u>	<u>\$ 462,726</u>	<u>\$ 1,129,914</u>	<u>(13,852,218)</u>	<u>1,743,737</u>	<u>(12,108,481)</u>
General revenues:							
General sales and use tax					\$ 3,085,764	\$ -	\$ 3,085,764
Other Taxes					10,480,776	-	10,480,776
Interest earnings					606,949	-	606,949
Insurance Recoveries					2,200,559	-	2,200,559
Transfers					718,569	(718,569)	-
Total general revenues and transfers					<u>17,092,617</u>	<u>(718,569)</u>	<u>16,374,048</u>
Change in net position					3,240,399	1,025,168	4,265,567
Net position- beginning					25,082,412	21,057,716	46,140,128
Net position - ending					<u>\$ 28,322,811</u>	<u>\$ 22,082,884</u>	<u>\$ 50,405,695</u>

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

MOAB CITY
Balance Sheet
Governmental Funds
June 30, 2023

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 5,855,491	\$ 1,769,326	\$ 2,536,687	\$ 10,161,504
Receivables		-	-	-
Accounts receivable (net of allowance)	1,795,534	-	369,917	2,165,451
Leases			187,179	187,179
Other current assets	579	-	-	579
Due from other funds	183,049	-	-	183,049
Restricted cash and cash equivalents	2,273,711	335,033	-	2,608,744
Total assets	<u>\$ 10,108,364</u>	<u>\$ 2,104,359</u>	<u>\$ 3,093,783</u>	<u>\$ 15,306,506</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
Liabilities:				
Accounts payable	\$ 209,111	766,990	\$ 465,077	\$ 1,441,178
Due to other funds			183,049	183,049
Accrued liabilities	420,099	64,385	-	484,484
Unearned revenue	315,760	-	-	315,760
Total liabilities	<u>944,970</u>	<u>831,375</u>	<u>648,126</u>	<u>2,424,471</u>
Deferred inflows of resources:				
Lease revenue	-	\$ -	\$ 187,179	187,179
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>187,179</u>	<u>187,179</u>
Fund Balances:				
Restricted for:				
Debt service	-	335,033	30,098	365,131
Road maintenance	1,957,951	-	-	1,957,951
Assigned, for:				
Recreation	-	-	693,473	693,473
Housing	-	-	1,531,580	1,531,580
Youth council	-	-	3,327	3,327
Capital projects	315,760	937,951	-	1,253,711
Unassigned:	6,889,683	-	-	6,889,683
Total fund balances	<u>9,163,394</u>	<u>1,272,984</u>	<u>2,258,478</u>	<u>12,694,856</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,108,364</u>	<u>\$ 2,104,359</u>	<u>\$ 3,093,783</u>	<u>\$ 15,306,506</u>

MOAB CITY
 Balance Sheet Reconciliation to
 Statement of Net Assets
 June 30, 2023

Total fund balances - governmental fund types	<u>\$ 12,694,856</u>
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Long term assets applicable to the City's governmental activities which are not available to pay expenses of the current period are deferred in the fund statements. However, in the statement of net position, the charges were reported as a reduction of expense or revenue when earned.</p>	
Net Pension Assets	<u>-</u>
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>	
Capital assets, at cost	37,110,408
Less accumulated depreciation	<u>(16,500,514)</u>
Net capital assets	<u>20,609,894</u>
<p>Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the fund fund statements</p>	
	<u>1,344,511</u>
<p>Long-term liabilities, including bonds payable and pension liabilities, are not due and payable in the current period and ,therefore, are not reported in the funds.</p>	
Long term debt	(5,416,915)
Accrued interest payable	(59,934)
Compensated absences	(327,899)
Net pension liability	<u>(981,035)</u>
Net long term liabilities	<u>(6,785,783)</u>
<p>Deferred inflows and outflows of resources related to pensions are not available financial resources and are not reported in the governmental funds.</p>	
	<u>(70,957)</u>
<p>Internal service funds are used by management to charge the costs of health insurance management to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net assets.</p>	
	<u>530,290</u>
Net assets of government activities	<u><u>\$ 28,322,811</u></u>

MOAB CITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2023

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 13,566,540	\$ -	-	\$ 13,566,540
Licenses and permits	424,712	-	-	424,712
Intergovernmental	402,648	144,758	311,180	858,586
Fines and forfeitures	46,041	-	-	46,041
Charges for services	1,434,213	700	524,878	1,959,791
Lease revenue	-	-	103,698	103,698
Information system				
Interest	529,505	12,382	65,061	606,948
Miscellaneous	195,243	-	-	195,243
Total revenues	<u>16,598,902</u>	<u>157,840</u>	<u>1,004,817</u>	<u>17,761,559</u>
EXPENDITURES				
Current:				
General government	3,987,180	1,059,568	-	5,046,748
Public safety	4,395,127	575,668	-	4,970,795
Streets and public improvements	3,815,233	2,845,249	-	6,660,482
Parks, recreation and public property	873,816	66,131	2,182,694	3,122,641
Community services	933,659	-	-	933,659
Lease Payment	-	-	-	-
Miscellaneous	-	-	-	-
Debt service:				
Principal retirement	-	94,331	381,000	475,331
Bond issuance costs	-	-	-	-
Interest and fiscal charges	-	3,978	102,098	106,076
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>14,005,015</u>	<u>4,644,925</u>	<u>2,665,792</u>	<u>21,315,732</u>
Excess revenues over (under) expenditures	<u>2,593,887</u>	<u>(4,487,085)</u>	<u>(1,660,975)</u>	<u>(3,554,173)</u>
OTHER FINANCING SOURCES (USES)				
Developer Contributions				-
Sale of capital assets	20,000	40,798	-	60,798
Insurance recoveries	2,200,559	-		2,200,559
Transfers in	844,000	3,289,700	688,083	4,821,783
Transfers out	(3,969,016)	-	(134,198)	(4,103,214)
Total other financing sources and uses	<u>(904,457)</u>	<u>3,330,498</u>	<u>553,885</u>	<u>2,979,926</u>
Net change in fund balance	1,689,430	(1,156,587)	(1,107,090)	(574,247)
Fund balances - beginning of year	7,473,964	2,429,571	3,365,568	13,269,103
Fund balances - end of year	<u>\$ 9,163,394</u>	<u>\$ 1,272,984</u>	<u>\$ 2,258,478</u>	<u>\$ 12,694,856</u>

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

MOAB CITY
 Reconciliation of the Statement of Revenues, Expenditures,
 and Changes in Fund Balance of Governmental Funds
 to the Statement of Activities
 For the Year Ended June 30, 2023

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

Net changes in fund balances - total governmental funds	<u>\$ (574,247)</u>
<p>Governmental funds have reported capital outlays, past and present, as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital outlays	3,949,892
Depreciation expense	<u>(1,140,834)</u>
Net capital asset activity	<u>2,809,058</u>
<p>Government funds have proceeds from the sale of assets as revenue. However, the statement of activities reports the gain or loss on the sale of assets.</p>	(7,856)
<p>The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt uses current financial resources of governmental funds. Neither transaction, however, has any effect on net position. These amounts are the net effect of these differences in the treatment of long-term debt and related items.</p>	
Payments of principal on long term bonds	381,000
Payments of principal on long term leases	<u>94,331</u>
	<u>475,331</u>
In the Statement of Activities, accrued interest on debt is recorded.	<u>3,861</u>
The Statement of Activities reports net pension expense and benefit expense from application of GASB 68 which is not reported in the fund statements.	<u>527,467</u>
The long-term portion of accrued leave does not require the use of current financial resources and, therefore, is not recorded as an expenditure in the Governmental Funds.	<u>(97,895)</u>
Internal service funds are used by management to charge the costs of health insurance to individual funds. The net revenues or (costs) of these activities are eliminated at the government wide level and are allocated to the governmental activities.	<u>104,680</u>
Change in net assets of governmental activities	<u><u>\$ 3,240,399</u></u>

MOAB CITY
Statement of Net Position
Proprietary Funds
June 30, 2023

	Business-Type Activities - Enterprise				Total Enterprise	Governmental Activities
	Water	Sewer	Storm Drain	Transit		Internal Service Health Insurance
<u>ASSETS</u>						
Current assets:						
Cash and cash equivalents	\$ 2,202,018	\$ 3,127,931	\$ 12,243	\$ 83,520	\$ 5,425,712	\$ 535,746
Accounts receivable - net	194,841	302,966	53,456	-	551,263	-
Total current assets	<u>2,396,859</u>	<u>3,430,897</u>	<u>65,699</u>	<u>83,520</u>	<u>5,976,975</u>	<u>535,746</u>
Noncurrent assets:						
Restricted cash and cash equivalents	3,486,135	7,268,481	-	-	10,754,616	-
Net pension asset	-	-	-	-	-	-
Capital Assets:						
Not being depreciated	3,577,698	132,165	126,292	-	3,836,155	-
Net of accumulated depreciation	3,266,243	22,558,323	2,562,327	-	28,386,893	-
Total noncurrent assets	<u>10,330,076</u>	<u>29,958,969</u>	<u>2,688,619</u>	<u>-</u>	<u>42,977,664</u>	<u>-</u>
Total assets	<u>12,726,935</u>	<u>33,389,866</u>	<u>2,754,318</u>	<u>83,520</u>	<u>48,954,639</u>	<u>535,746</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Pension related costs	60,651	81,454	-	-	142,105	-
Total deferred outflow of resources	<u>60,651</u>	<u>81,454</u>	<u>-</u>	<u>-</u>	<u>142,105</u>	<u>-</u>
<u>LIABILITIES</u>						
Current liabilities:						
Accounts payable	198,362	30,143	-	2,019	230,524	5,456
Due to other funds	-	-	-	-	0	-
Customer security deposits	26,361	-	-	-	26,361	-
Accrued interest payable	41,412	157,460	-	-	198,872	-
Current portion of long-term debt	317,877	1,133,123	-	-	1,451,000	-
Total current liabilities	<u>584,012</u>	<u>1,320,726</u>	<u>-</u>	<u>2,019</u>	<u>1,906,757</u>	<u>5,456</u>
Noncurrent liabilities:						
Compensated absences	26,003	19,912	-	-	45,915	-
Net pension liability	44,255	59,433	-	-	103,688	-
Long-term debt (net of current portion)	6,466,151	18,483,849	-	-	24,950,000	-
Total noncurrent liabilities	<u>6,536,409</u>	<u>18,563,194</u>	<u>-</u>	<u>-</u>	<u>25,099,603</u>	<u>-</u>
Total liabilities	<u>7,120,421</u>	<u>19,883,920</u>	<u>-</u>	<u>2,019</u>	<u>27,006,360</u>	<u>5,456</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Pension related costs	3,201	4,299	-	-	7,500	-
Total deferred outflow of resources	<u>3,201</u>	<u>4,299</u>	<u>-</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
<u>NET POSITION</u>						
Net investment in capital assets	3,546,048	9,525,516	2,688,619	-	15,760,183	-
Restricted for						
Construction	830,391	816,481	-	-	1,646,872	-
Debt service	-	-	-	-	-	-
Unrestricted	1,287,525	3,241,104	65,699	81,501	4,675,829	530,290
Total net position	<u>\$ 5,663,964</u>	<u>\$ 13,583,101</u>	<u>\$ 2,754,318</u>	<u>\$ 81,501</u>	<u>\$ 22,082,884</u>	<u>\$ 530,290</u>

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

MOAB CITY
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Drain	Transit	Total	Internal Service Health Insurance
Operating revenues:						
Charges for services:						
Monthly service charge	\$ 1,646,811	\$ 2,706,152	\$ 436,661	\$ -	\$ 4,789,624	\$ -
Connection fees	11,608	844	-	-	12,452	-
Premiums	-	-	-	-	-	1,566,204
Other operating income	41,828	-	-	-	41,828	-
Total operating revenues	<u>1,700,247</u>	<u>2,706,996</u>	<u>436,661</u>	<u>-</u>	<u>4,843,904</u>	<u>1,566,204</u>
Operating expenses:						
Personnel services	574,384	555,941	29,563	23,076	1,182,964	1,461,524
Utilities	68,592	184,513	-	-	253,105	-
Repair and maintenance	145,659	240,556	-	2,350	388,565	-
Professional and technical	211,488	177,246	32,532	383,928	805,194	-
Other supplies and expenses	9,957	-	2,851	7,471	20,279	-
Insurance expense	1,560	-	-	-	1,560	-
Depreciation expense	287,806	686,879	74,991	-	1,049,676	-
Total operating expenses	<u>1,299,446</u>	<u>1,845,135</u>	<u>139,937</u>	<u>416,825</u>	<u>3,701,343</u>	<u>1,461,524</u>
Operating income	<u>400,801</u>	<u>861,861</u>	<u>296,724</u>	<u>(416,825)</u>	<u>1,142,561</u>	<u>104,680</u>
Nonoperating revenues (expenses):						
Interest income	333,741	39,871	-	-	373,612	-
Intergovernmental	-	-	-	332,726	332,726	-
Bond issuance fees	-	(48,000)	-	-	(48,000)	-
Other income	-	-	-	-	-	-
Interest expense and fees	(157,465)	(301,025)	-	-	(458,490)	-
Total nonoperating revenues (expenses)	<u>176,276</u>	<u>(309,154)</u>	<u>-</u>	<u>332,726</u>	<u>199,848</u>	<u>-</u>
Net income (loss) before contributions and transfers	<u>577,077</u>	<u>552,707</u>	<u>296,724</u>	<u>(84,099)</u>	<u>1,342,409</u>	<u>104,680</u>
Contributions	-	102,207	-	-	102,207	-
Impact fees	46,872	252,249	-	-	299,121	-
Transfers in	-	-	-	125,431	125,431	-
Transfers out	(380,000)	(380,000)	(84,000)	-	(844,000)	-
Total contributions and transfers	<u>(333,128)</u>	<u>(25,544)</u>	<u>(84,000)</u>	<u>125,431</u>	<u>(317,241)</u>	<u>-</u>
Change in net position	243,949	527,163	212,724	41,332	1,025,168	104,680
Total net position - beginning	5,420,015	13,055,938	2,541,594	40,169	21,057,716	425,610
Total net position - ending	<u>\$ 5,663,964</u>	<u>\$ 13,583,101</u>	<u>\$ 2,754,318</u>	<u>\$ 81,501</u>	<u>\$ 22,082,884</u>	<u>\$ 530,290</u>

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

MOAB CITY
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2023

	Business-Type Activities - Enterprise Funds					Governmental Activities
	Water	Sewer	Storm Drain	Transit	Total BTAs	Internal Service Health Insurance
Cash Flows From Operating Activities						
Receipts from customers and users	\$ 1,676,753	\$ 2,740,599	\$ 411,897	\$ -	\$ 4,829,249	\$ -
Receipts from premiums	-	-	-	-	-	1,566,204
Payments to suppliers of goods and services	(388,444)	(622,147)	(35,744)	(414,806)	(1,461,141)	-
Payments to interfund services	-	-	-	-	-	-
Payments to employees and related benefits	(591,067)	(586,622)	(29,563)	-	(1,207,252)	(1,456,452)
Net cash provided (used) by operating activities	697,242	1,531,830	346,590	(414,806)	2,160,856	109,752
Cash Flows From Noncapital Financing Activities						
Transfers in	-	-	-	125,431	125,431	-
Transfers out	(380,000)	(380,000)	(84,000)	-	(844,000)	-
Net cash provided (used) by noncapital financing activities	(380,000)	(380,000)	(84,000)	125,431	(718,569)	-
Cash Flows From Capital and Related Financing Activities						
Proceeds from the issuance of long-term debt	-	6,500,000	-	-	6,500,000	-
Acquisition and construction of capital assets	(1,757,221)	(120,082)	(108,621)	-	(1,985,924)	-
Impact fees collected	46,872	252,249	-	-	299,121	-
Payment of interfund services	-	-	(141,726)	-	(141,726)	-
Contributions	-	102,207	-	-	102,207	-
Bond issuance fees	-	(48,000)	-	-	(48,000)	-
Intergovernmental funds	-	-	-	332,726	332,726	-
Principal paid on capital debt	(309,969)	(774,031)	-	-	(1,084,000)	-
Interest paid on capital debt	(159,422)	(208,255)	-	-	(367,677)	-
Net cash provided (used) by capital and related financing activities	(2,179,740)	5,704,088	(250,347)	332,726	3,606,727	-
Cash Flows From Investing Activities						
Interest on investments	333,741	39,871	-	-	373,612	-
Net increase (decrease) in cash and cash equivalents	(1,528,757)	6,895,789	12,243	43,351	5,422,626	109,752
Cash and cash equivalents - beginning	7,216,910	3,500,623	-	40,169	10,757,702	425,994
Cash and cash equivalents - ending	\$ 5,688,153	\$ 10,396,412	\$ 12,243	\$ 83,520	\$ 16,180,328	\$ 535,746
Reconciliation of operating income to net cash provided (used) by operating activities:						
Operating income	\$ 400,801	\$ 861,861	\$ 296,724	\$ (416,825)	\$ 1,142,561	\$ 104,680
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	287,806	686,879	74,991	-	1,049,676	-
(Increase)/decrease in accounts receivable	(23,494)	33,603	(24,764)	-	(14,655)	-
(Increase)/decrease in net pension asset	71,830	96,466	-	-	168,296	-
(Increase)/decrease in deferred outflows	(21,660)	(29,089)	-	-	(50,749)	-
Increase/(decrease) in accounts payable	46,362	(19,832)	(361)	2,019	28,188	5,072
Increase/(decrease) in compensated absences	7,111	1,275	-	-	8,386	-
Increase/(decrease) in net pension liability	44,255	59,433	-	-	103,688	-
Increase/(decrease) in customer deposits	2,450	-	-	-	2,450	-
Increase/(decrease) in deferred inflows	(118,219)	(158,766)	-	-	(276,985)	-
Total adjustments	296,441	669,969	49,866	2,019	1,018,295	5,072
Net cash provided (used) by operating activities	\$ 697,242	\$ 1,531,830	\$ 346,590	\$ (414,806)	\$ 2,160,856	\$ 109,752

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

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Moab (the City) are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. The City has adopted GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance*. Accordingly, the City has elected to apply all applicable GASB pronouncements and codified accounting standards issued by GASB.

Reporting Entity

Moab City Corporation (the City) is a municipal corporation located in Grand County, Utah. The City operates under Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is financially accountable. The financial statements of the City have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

Government-wide and Fund Financial Statements

The City's basic financial statements consist of both government-wide statements and fund statements. The government-wide statements focus on the City as a whole, while the fund statements focus on individual funds.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting

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

Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government. Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items.

Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. These 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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICAN ACCOUNTING POLICIES (Continued)

Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

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

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

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

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

The *housing fund* accounts for the revenues and expenditures for the activities of community housing.

The *debt service fund* accounts for the payment of governmental long-term debt.

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

Proprietary funds

The City reports the following major proprietary funds:

The *water fund* is used to account for the activities of the water utility.

The *sewer fund* is used to account for the activities of the sewer utility.

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

The *Transit Fund* which is used to account for the revenues and expenses of the transportation operations.

The *governmental internal service fund* is used to account for health insurance activities

Deposits and Investments - Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

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.

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 at 2% of the ending accounts receivable balance. 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*.

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

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Prepaid Expenses - Prepaid expenses consist of certain payments to vendors that reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both government-wide and fund financial statements and expensed as the items are used. The City uses the consumption method to record these items as expenditures when they are used rather than when they are purchased.

Inventories and Prepaid Items – Inventories, which mainly consist of immaterial amounts of expendable supplies for consumption, are not reported. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis. Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements

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 structures	30-45
Infrastructure	30
Vehicles and equipment	5-15

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

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

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Leases. - During the year ended June 30, 2022, the City adopted Governmental Accounting Standards Board Statement No. 87, Leases. The new standard establishes a single model for lease accounting based on the foundational principle that leases are financings of the right-to-use an underlying asset. The statement requires a lessee to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The beginning fund balances and net position was not affected by the implementation of GASB 68.

Lessee. The City is a lessee for a noncancelable lease of several vehicles. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (a) the discount rate it uses to discount the expected lease payments to present value, (b) lease term, and (c) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

Lessor - The City is a lessor for noncancelable leases of office space within City Hall. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of the leases, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Key estimates and judgements include how the City determines (a) the discount rate it uses to discount the expected lease receipts to present value, (b) lease term, and (c) lease receipts

- The City uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancelable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessees. The City monitors changes in the circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources expense/expenditure) until then. The City reports deferred outflows of resources related to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City also reports deferred inflows of resources related to pensions as required by GASB 68.

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.

Fund balance / net assets

Government-wide Financial Statements

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

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

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Fund Financial Statements

In the fund financial statements, governmental fund equity is classified as fund balance. Governmental fund balance is further classified as nonspendable, restricted, committed, assigned or unassigned. descriptions of each follow:

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

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

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

Assigned fund balance - Amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. The City Recorder is authorized to assign amounts to a specific purpose in accordance with the City's budget policy.

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund net assets are classified the same as in the government-wide statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless City Council has provided otherwise in its commitment or assignment actions.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates-The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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 35% of the current year's actual revenues must be transferred to the capital projects fund with the purpose for the spending of those funds. The general fund balance was over the legal allowable limit for the year ended June 30, 2023.

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.

Deficit fund balance or net position - None of the City's funds have deficit fund balances or net position.

NOTE 3 DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2023 consist of the following:

Cash on hand	\$ 1,516
Demand deposits - checking	595,123
Deposits - PTIF	<u>28,889,683</u>
Total cash and investments	<u>\$ 29,486,322</u>

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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

Cash and cash equivalents	\$ 16,122,962
Restricted cash and cash equivalents	13,363,360
Total Cash and investments	\$ 29,486,322

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

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

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

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

Fair Value of Investments - The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2-- Observable inputs other than quoted market prices; and Level 3--Unobservable inputs. At June 30, 2023 the City had \$28,889,683 invested in the PTIF, which uses a Level 2 fair value measurement.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 3 DEPOSITS AND INVESTMENTS (Continued)

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, 2023, the City's bank balance of demand and bank trust deposits total \$1,358,535 and the book balance is \$595,341. Of these deposits, \$250,000 is covered by FDIC insurance; \$1,108,535 is uninsured and uncollateralized.

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

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

NOTE 4 RECEIVABLES

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

	General Fund	Other Governmental Funds	Water and Sewer Funds	Storm Drain Fund	Total
Customers	\$ 465,925	\$ 369,917	\$ 504,997	\$ 54,042	\$ 1,394,881
Intergovernmental receivables	1,329,609	-	-	-	1,329,609
Other receivables	-	-	-	-	-
Total receivables	1,795,534	369,917	504,997	54,042	2,724,490
Allowance for Uncollectibles	-	-	(7,188)	(586)	(7,774)
Total receivables, net of allowance	<u>\$1,795,534</u>	<u>\$ 369,917</u>	<u>\$ 497,809</u>	<u>\$ 53,456</u>	<u>\$ 2,716,716</u>

Lease Receivable - The City leases office space in City hall to third parties under lease terms ranging from 7 to 8 years. The City will receive annual payments ranging from \$4,976 to \$24,204. For the year ended June 30, 2023, the City recognized lease revenue of \$22,990 and interest revenue of \$5,254. At June 30, 2023, the City reports a lease receivable and an equal deferred inflow of resources related to leases of \$187,179.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the governmental activities was as follows:

Primary Government	Beginning			Ending
Governmental activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land and rights	\$ 2,276,884	\$ -	\$ -	\$ 2,276,884
Construction in progress	204,322	1,831,718	-	2,036,040
Total capital assets not being depreciated	<u>2,481,206</u>	<u>1,831,718</u>	<u>-</u>	<u>4,312,924</u>
Capital assets being depreciated:				
Buildings	12,388,267	846,531	-	13,234,798
Improvements other than buildings	4,589,550	213,596	-	4,803,146
Autos & trucks	2,606,089	763,022	229,661.00	3,139,450
Machinery and equipment	2,745,304	46,794	-	2,792,098
Office equipment	762,718	248,231	-	1,010,949
Infrastructure	7,591,973	-	-	7,591,973
Right to use assets	259,674	-	34,604.00	225,070
Total capital assets being depreciated	<u>30,943,575</u>	<u>2,118,174</u>	<u>264,265</u>	<u>32,797,484</u>
Less accumulated depreciation for:				
Buildings	4,238,214	312,358	-	4,550,572
Improvements other than buildings	3,492,135	198,008	-	3,690,143
Autos & trucks	2,336,477	83,574	221,804.00	2,198,247
Machinery and equipment	2,362,165	160,622	-	2,522,787
Office equipment	613,864	26,620	-	640,484
Infrastructure	2,476,147	265,711	-	2,741,858
Right to use assets	97,086	93,941	34,604.00	156,423
Total accumulated depreciation	<u>15,616,088</u>	<u>1,140,834</u>	<u>256,408.00</u>	<u>16,500,514</u>
Total capital assets, being depreciated, net	<u>15,327,487</u>	<u>977,340</u>	<u>7,857.00</u>	<u>16,296,970</u>
Governmental activities capital assets, net	<u>\$ 17,808,693</u>	<u>\$ 2,809,058</u>	<u>\$ 7,857</u>	<u>\$ 20,609,894</u>
	Beginning			Ending
Business-type activities:	Balance	Increases	Decreases	Balance
Capital assets not being depreciated:				
Land and water rights	\$ 262,935		\$ -	\$ 262,935
Construction in progress	1,932,768	1,903,388	-	3,836,156
Total capital assets not being depreciated	<u>2,195,703</u>	<u>1,903,388</u>	<u>-</u>	<u>4,099,091</u>
Capital assets being depreciated:				
Water system	7,122,699	37,035	-	7,159,734
Sewer system	27,843,360	-	-	27,843,360
Storm drain system	2,584,611	-	-	2,584,611
Machinery and equipment	2,228,888	-	-	2,228,889
Autos and trucks	260,030	45,500	-	305,528
Total capital assets being depreciated	<u>40,039,588</u>	<u>82,535</u>	<u>-</u>	<u>40,122,122</u>
Less accumulated depreciation for:				
Water system	4,461,324	208,648	-	4,669,972
Sewer system	4,788,747	644,051	-	5,432,798
Storm drain system	-	64,615	-	64,615
Machinery and equipment	1,444,819	127,382	-	1,572,201
Autos and trucks	253,599	4,980	-	258,579
Total accumulated depreciation	<u>10,948,489</u>	<u>1,049,676</u>	<u>-</u>	<u>11,998,165</u>
Total capital assets, being depreciated, net	<u>29,091,099</u>	<u>(967,141)</u>	<u>-</u>	<u>28,123,957</u>
Business-type activities capital assets, net	<u>\$ 31,286,802</u>	<u>\$ 936,247</u>	<u>\$ -</u>	<u>\$ 32,223,048</u>

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS (Continued)

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

Governmental activities:

General government	\$ 171,125
Public safety	228,167
Highways and public works	399,292
Parks and recreation	342,250
Total depreciation expense - governmental activities	\$ 1,140,834

Business-type activities:

Culinary water	\$ 287,806
Sewer	686,879
Storm drain	74,991
Total depreciation expense - business-type activities	\$ 1,049,676

Total depreciation expense	\$ 2,190,510
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NOTE 6 LONG-TERM DEBT

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

	% Rate	Balance at June 30,2022	Additions	Reductions	Balance at June 30, 2023	Due within one year
Governmental activities						
Bonds:						
2003 Sales Tax Revenue						
Matures 2030	2.50	\$ 796,000	\$ -	\$ 91,000	\$ 705,000	\$ 94,000
2009 Sales Tax Revenue						
Matures 2036	0.00	2,663,000	-	191,000	2,472,000	191,000
2018 CIB Tax Revenue						
Matures 2036	2.50	640,000	-	31,000	609,000	32,000
Direct Borrowings:						
2019 Walnut Lease						
Matures 2039	4.26	1,628,000	-	68,000	1,560,000	71,000
Leases:						
Obligations under Lease	3.29	165,246	-	94,331	70,915	67,607
Governmental activity long-term liabilities		\$ 5,892,246	\$ -	\$ 475,331	\$ 5,416,915	\$ 455,607

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 LONG-TERM DEBT (Continued)

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 388,000	\$ 96,146	\$ 484,146
2025	394,000	89,987	483,987
2026	399,000	83,629	482,629
2027	405,000	77,074	482,074
2028	412,000	70,320	482,320
2029-2033	1,827,000	251,884	2,078,884
2034-2038	1,347,000	117,557	1,464,557
2039-2041	174,000	6,258	180,258
Total	<u>\$ 5,346,000</u>	<u>\$ 792,855</u>	<u>\$ 6,138,855</u>

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

	<u>% Rate</u>	<u>Balance at June 30, 2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2023</u>	<u>Due within one year</u>
Business-type activities						
Bonds:						
2017 Wastewater Revenue						
Matures 2039	1.15	\$ 12,192,000	\$ -	\$ 657,000	\$ 11,535,000	\$ 665,000
2018 Water and Sewer						
Matures 2034	3.39	2,076,000	-	143,000	1,933,000	148,000
2021 Water Revenue						
Matures 2041	2.39	6,717,000	-	284,000	6,433,000	291,000
2023 Sewer Revenue						
Matures 2038	3.61	-	6,500,000	-	6,500,000	347,000
Total business-type long term liabilities		<u>\$ 20,985,000</u>	<u>\$ 6,500,000</u>	<u>\$ 1,084,000</u>	<u>\$ 26,401,000</u>	<u>\$ 1,451,000</u>

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,451,000	\$ 570,010	\$ 2,021,010
2025	1,468,001	552,148	2,020,149
2026	1,500,000	519,614	2,019,614
2027	1,534,000	486,194	2,020,194
2028	1,568,000	451,836	2,019,836
2029-2033	8,395,000	1,710,712	10,105,712
2034-2038	8,505,999	755,664	9,261,663
2039-2041	1,979,000	69,968	2,048,968
Total	<u>\$ 26,401,000</u>	<u>\$ 5,116,146</u>	<u>\$ 31,517,146</u>

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 6 LONG-TERM DEBT (Continued)

The City has outstanding bonds and other direct borrowings related to governmental activities totaling \$5,346,000 and related to business-type activities totaling \$26,401,000. The outstanding bonds and other direct borrowings are all secured with their respective revenues and/or property and equipment as collateral.

During the current fiscal year, the City issued the 2023 Sewer Revenue Bonds in the amount of \$6,500,000. The bond carries a 3.61% interest rate and requires principal and interest payments through 2038.

Obligations under lease – The City has entered into agreements to lease several vehicles within the City. As of June 30, 2023 the value of the lease liability is \$70,916. The City is required to make monthly principal and interest payments ranging from \$364 to \$810. The leases have an interest rate of 3.27%. The right to use asset as of June 30, 2023 was \$225,070 and had accumulated depreciation of \$156,422. The right to use assets will be amortized over their useful lives.

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

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 67,608	\$ 1,173	\$ 68,781
2025	3,308	8	3,316
Total	<u>\$ 70,916</u>	<u>\$ 1,181</u>	<u>\$ 72,097</u>

	<u>Beginning</u>	<u>Increase (Decrease)</u>	<u>Ending</u>
Compensated absences:			
Governmental	\$ 230,004	\$ 97,895	\$ 327,899
Business-type	37,527	8,387	45,914
Total	<u>\$ 267,531</u>	<u>\$ 106,282</u>	<u>\$ 373,813</u>

	<u>Beginning</u>	<u>Increase (Decrease)</u>	<u>Ending</u>
Net Pension Liability			
Governmental	\$ -	\$ 981,035	\$ 981,035
Business-type	-	103,688	103,688
Total	<u>\$ -</u>	<u>\$ 1,084,723</u>	<u>\$ 1,084,723</u>

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 7 INTERFUND TRANSFERS

	<u>Transfers In</u>	<u>Transfers Out</u>
Funds:		
General	\$ 844,000	\$ 3,969,016
Capital Projects	3,289,700	-
Recreation	461,215	-
Debt Service	226,868	-
Housing	-	134,198
Water	-	380,000
Sewer	-	380,000
Storm Drain	-	84,000
Transit	125,431	
Total Transfers	<u>\$ 4,947,214</u>	<u>\$ 4,947,214</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.

At the end of 2023, there is a due to and due from between the debt service and general fund in the amount of \$183,049. This was created to cover debt service requirements.

NOTE 8 OTHER INFORMATION

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.

The City provides health insurance through an agreement with CIGNA, using a self-funded plan with an individual stop loss limit of \$25,000 per employee. All claims are processed and paid by CIGNA. The City is required to submit monthly payments to CIGNA, from which all claims are paid. At the end of each monthly period during the policy year, the City is either reimbursed for excess contributions over claims or billed for deficient contributions in regards to claims. Therefore, under the current policy there are no provisions for runout beyond each monthly reporting period, and, as such, the City has not accrued additional liability in the financial statements as presented.

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
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 OTHER INFORMATION (Continued)

Subsequent Events – Subsequent to the balance sheet date the City entered into an agreement to settle litigation against the City in the amount of \$429,879. This amount is recorded as payable on the financial statements.

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date the financial statements were available to be used.

NOTE 9 RETIREMENT PLANS

General Information About the Pension Plan

Plan description - Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust funds:

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

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

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

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S., Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RETIREMENT PLANS (Continued)

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

		4 years age 65		
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year to to 20 years; 2.0% per year over 20 years	Up to 4%
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 post-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.

Contribution rate summary: - 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 as of June 30, 2023 are as follows:

<u>Utah Retirement Systems</u>	<u>Employee</u>	<u>Employer</u>	<u>401(k)</u>
Contributory System			
111 Local Government Div - Tier 2	N/A	16.01%	0.18%
Noncontributory System			
15 Local Government Div. Tier 1	N/A	17.97%	N/A
Public Safety System			
Contributory			
122 tier 2 DB Hybrid Public Safety N//A	2.59	25.83%	N/A
Noncontributory			
43 Other Div A with 2.5 % COLA	N/A	34.04%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.19%	10.00%
222 Public Safety	N/A	11.83%	14.00%

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

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RETIREMENT PLANS (Continued)

For fiscal year ended June 30, 2023, the employee contributions to the systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 306,130	\$ N/A
Public Safety System	231,954	-
Tier 2 Public Employees System	442,033	-
Tier 2 Public Safety and Firefighter	155,748	15,665
Tier 2 DC Only System	41,592	N/A
Total Contributions	<u>\$ 1,177,457</u>	<u>\$ 15,665</u>

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.

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

At June 30, 2023, we reported a net pension asset of \$0 and a net pension liability of \$1,084,723.

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2021</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 430,102	0.2511179%	0.2535876%	0.0024697%
Contributory System	-	-	0.0000000%	0.0000000%	0.0000000%
Public Safety System	-	521,223	0.4030822%	0.3150614%	0.0880268%
Tier 2 Public Employees System	-	121,322	0.1114174%	0.1024135%	0.0090039%
Tier 2 Public Safety and Firefighter	-	12,076	0.1447522%	0.1794992%	-0.0347470%
	<u>\$ -</u>	<u>\$ 1,084,723</u>			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, 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, 2023, we recognized pension expense of \$587,524.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RETIREMENT PLANS (Continued)

At June 30, 2023, 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
Differences between expected and actual experience	\$ 194,995	\$ 8,819
Changes in assumptions	131,491	3,236
Net difference between projected and actual earnings on pension plan investments	465,953	-
Changes in proportion and differences between contributions and proportionate share of contributions	78,337	66,402
Contributions subsequent to the measurement date	615,840	-
	\$ 1,486,616	\$ 78,457

\$615,840 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, 2022.

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:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ (140,312)
2024	5,852
2025	190,909
2026	684,326
2027	10,791
Thereafter	40,754
	\$ 792,320

Actuarial Assumptions - The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary Increases	3.25-9.25 percent, average, including inflation
Investment rate of return	6.85 Percent, net of pension plan investment expense, including inflation.

Mortality rates were adopted from an actuarial experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80% of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RETIREMENT PLANS (Continued)

The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2021.

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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-0.11%	0.00%
Totals	100%		5.17%
		Inflation	2.50%
		Expected arithmetic nominal return	7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, and a real return of 4.35% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 6.85 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.

MOAB CITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 9 RETIREMENT 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 6.85 %, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (5.85 %) or 1 percentage point higher (7.85 %) than the current rate:

<u>System</u>	<u>1% Decrease 5.85%</u>	<u>Discount Rate 6.85%</u>	<u>1% Increase 7.85%</u>
Noncontributory System	\$ 2,710,646	\$ 430,102	\$ (1,475,413)
Public Safety System	1,678,602	521,223	(419,999)
Tier 2 Public Employees System	530,109	121,322	(193,597)
Tier 2 Public Safety and Firefighter	96,664	12,076	(55,151)
Total	<u>\$ 5,016,021</u>	<u>\$ 1,084,723</u>	<u>\$ (2,144,160)</u>

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

The City of Moab participates in the following Defined Contribution Savings Plans with Utah retirement systems:

401(k) plan, 457(b) plan, Traditional IRA plan, and Roth IRA plan

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
401(k) Plan			
Employer Contributions	\$ 78,396	\$ 87,027	\$ 91,995
Employee Contributions	118,146	85,816	90,806
457(b) Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	38,214	31,768	31,250
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 35,130	\$ 19,845	\$ 19,140
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 4,610	\$ 3,900	\$ 3,900

REQUIRED SUPPLEMENTARY INFORMATION

MOAB CITY
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
For the Year Ended June 30, 2023

	Budgeted Amounts		Actual Totals	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Taxes				
Sales	\$ 2,950,000	\$ 2,950,000	\$ 3,085,764	\$ 135,764
Other taxes	10,010,000	10,010,000	10,480,776	470,776
Licenses and permits	138,200	138,200	424,712	286,512
Intergovernmental	508,000	508,000	402,648	(105,352)
Fines and forfeitures	25,000	25,000	46,041	21,041
Charges for services	1,497,000	1,510,600	1,434,213	(76,387)
Interest	20,000	20,000	529,505	509,505
Miscellaneous	333,760	333,760	195,243	(138,517)
Total revenues	<u>15,481,960</u>	<u>15,495,560</u>	<u>16,598,902</u>	<u>1,103,342</u>
EXPENDITURES				
General government	3,920,332	3,995,733	3,987,180	8,553
Public safety	4,355,378	4,396,378	4,395,127	1,251
Streets and public improvements	4,730,283	4,730,283	3,815,233	915,050
Parks, recreation and public property	989,342	989,342	873,816	115,526
Community services	1,937,356	1,937,356	933,659	1,003,697
Total expenditures	<u>15,932,691</u>	<u>16,049,092</u>	<u>14,005,015</u>	<u>2,044,077</u>
Excess (deficit) of revenues over (under) expenditures	<u>(450,731)</u>	<u>(553,532)</u>	<u>2,593,887</u>	<u>3,147,419</u>
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	20,000	20,000	20,000	-
Insurance recoveries	-	1,210,000	2,200,559	990,559
Transfers in	1,931,429	2,062,948	844,000	(1,218,948)
Transfers out	(2,228,323)	(5,052,982)	(3,969,016)	1,083,966
Total other financing sources (uses)	<u>(276,894)</u>	<u>(1,760,034)</u>	<u>(904,457)</u>	<u>855,577</u>
Net change in fund balance	(727,625)	(2,313,566)	1,689,430	4,002,996
Fund balances - beginning	7,473,964	7,473,964	7,473,964	-
Fund balances - ending	<u>\$ 6,746,339</u>	<u>\$ 5,160,398</u>	<u>\$ 9,163,394</u>	<u>\$ 4,002,996</u>

MOAB CITY
Required Supplementary Information
Schedule of the Proportionate Share of the Net Pension Liability
June 30, 2023
Last 10 Fiscal Years*

Fiscal Year	Proportion of the net liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
Noncontributory System					
2022	0.2511179%	\$ 430,102	\$ 1,725,249	24.93%	97.50%
2021	0.2535876%	145,737	1,664,618	87.25%	108.70%
2020	0.2841189%	145,737	1,987,924	7.33%	99.20%
2019	0.3144653%	1,185,178	2,374,861	49.91%	93.70%
2018	0.3020442%	2,224,170	328,933	95.50%	87.00%
2017	0.2720231%	1,191,815	2,116,310	56.32%	91.90%
2016	0.2051978%	1,317,621	1,658,246	79.46%	87.30%
2015	0.1279161%	1,233,705	1,878,267	65.65%	87.80%
2014	0.2429667%	1,055,019	2,145,537	49.20%	90.20%
Public Safety System					
2022	0.4030882%	521,223	609,594	85.50%	93.60%
2021	0.3150614%	(255,875)	380,411	-67.26%	104.20%
2020	0.3185107%	264,441	356,702	74.14%	95.50%
2019	0.3765594%	604,610	459,476	131.59%	90.90%
2018	0.4153505%	1,068,524	545,965	195.71%	84.70%
2017	0.3546422%	556,312	464,620	119.73%	90.20%
2016	0.3205798%	650,545	485,395	134.02%	86.50%
2015	0.3147178%	563,739	518,613	108.70%	88.71%
2014	0.3437599%	432,307	567,252	76.20%	90.50%
Tier 2 Public Employees Retirement System					
2022	0.1114174%	121,322	2,428,781	5.00%	92.30%
2021	0.1024135%	(43,345)	1,902,073	-2.28%	103.80%
2020	0.1112728%	16,004	1,779,439	0.90%	98.30%
2019	10.1032300%	22,723	1,403,213	1.62%	96.50%
2018	0.1098332%	47,039	1,285,740	3.660%	90.80%
2017	0.1606867%	9,353	10,363,810	0.900%	97.40%
2016	0.0734958%	8,198	602,722	1.360%	95.10%
2015	0.0396361%	(87)	25,620,400	-0.030%	100.20%
2014	0.0260780%	(790)	128,012	-0.060%	103.50%
Tier 2 Public Safety and Firefighters Retirement System					
2022	0.1447522%	12,076	445,371	2.71%	96.40%
2021	0.1794992%	(9,072)	429,251	-2.11%	102.80%
2020	0.2797661%	25,094	560,124	4.48%	93.10%
2019	2.9216120%	27,482	481,522	57.10%	89.60%
2018	0.2895980%	5,737	306,330	1.87%	95.60%
2017	0.2448621%	(2,833)	258,591	-1.10%	103.00%
2016	0.2801501%	(2,432)	2,311,468	-1.05%	103.60%
2015	0.2373090%	(3,123)	127,224	-2.46%	110.70%
2014	0.1428958%	(2,114)	59,035	3.60%	120.50%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MOAB CITY
Required Supplementary Information
Schedule of Contributions
June 30, 2023
Last 10 Fiscal Years**

	Fiscal year ended June 30,	Actuarial Determined Contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contribution as a percentage of covered employee payroll
Noncontributory System	2023	\$ 306,130	\$ 306,130	\$ -	\$ 1,753,840	17.45%
	2022	294,623	294,623	-	1,626,240	18.12%
	2021	307,634	307,634	-	1,695,676	18.14%
	2020	430,148	430,148	-	2,354,525	18.27%
	2019	461,209	461,209	-	2,504,252	18.42%
	2018	402,915	402,915	-	2,197,705	18.33%
	2017	349,063	349,063	-	1,888,219	18.49%
	2016	311,453	311,453	-	1,712,251	18.18%
	2015	366,950	366,950	-	2,031,635	18.06%
	2014	373,502	37,550	-	2,218,242	16.84%
Public Safety System	2023	\$ 231,954	\$ 231,954	\$ -	\$ 753,936	30.77%
	2022	150,570	150,570	-	465,806	32.32%
	2021	113,932	113,932	-	370,186	30.78%
	2020	112,463	112,463	-	367,840	27.78%
	2019	184,630	184,630	-	544,546	28.59%
	2018	170,152	170,152	-	499,858	27.24%
	2017	150,874	150,874	-	467,586	32.27%
	2016	131,264	131,264	-	481,965	34.04%
	2015	144,696	144,696	-	506,159	33.91%
	2014	171,445	171,445	-	617,222	30.57%
Tier 2 Public Employee System *	2023	\$ 442,033	\$ 442,033	\$ -	\$ 2,761,113	16.01%
	2022	336,971	336,971	-	2,096,896	16.07%
	2021	288,973	288,973	-	1,828,942	15.80%
	2020	266,241	266,241	-	1,700,133	23.13%
	2019	192,220	192,220	-	1,235,347	23.06%
	2018	198,725	198,725	-	1,315,187	22.57%
	2017	107,879	107,879	-	723,538	22.50%
	2016	71,331	71,331	-	480,471	22.51%
	2015	24,084	24,084	-	161,205	22.55%
	2014	14,676	14,676	-	104,905	20.85%
Tier 2 Public Safety and Firefighters System*	2023	\$ 155,747	\$ 155,747	\$ -	\$ 602,970	25.83%
	2022	99,677	99,677	-	385,896	25.83%
	2021	134,750	134,750	-	521,912	25.82%
	2020	125,234	125,234	-	541,436	23.13%
	2019	906,640	906,640	-	393,145	23.06%
	2018	59,366	59,366	-	263,029	22.57%
	2017	57,774	57,774	-	256,776	22.50%
	2016	42,971	42,971	-	190,912	22.51%
	2015	17,359	17,359	-	76,979	22.55%
	2014	9,427	9,427	-	45,213	20.85%
Tier 2 Public Employees DC Only System *	2023	\$ 41,592	\$ 41,592	\$ -	\$ 671,830	6.19%
	2022	40,590	40,590	-	606,724	6.69%
	2021	45,391	45,391	-	678,489	6.69%
	2020	43,805	43,805	-	654,783	6.69%
	2019	32,163	32,163	-	480,764	6.69%
	2018	9,367	9,367	-	140,012	6.69%
	2017	5,495	5,495	-	77,713	7.07%
	2016	2,915	2,915	-	43,531	6.70%
	2015	1,378	1,378	-	20,512	6.72%
	2014	-	-	-	-	0.00%
Tier 2 Public Safety and Firefighter DC Only System	2023	\$ -	\$ -	\$ -	\$ -	0.00%
	2022	6,723	6,723	-	56,831	11.83%
	2021	6,509	6,509	-	55,025	11.83%
	2020	4,544	4,544	-	38,414	11.83%
	2019	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2016	950	950	-	31,279	11.83%
	2015	9,700	9,700	-	33,558	11.83%
	2014	3,336	3,336	-	-	9.94%

* Contributions in Tier 2 include an amortization rate to help the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

** The amounts presented were determined for the Calendar year January 1-December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available.

MOAB CITY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR YEAR ENDED JUNE 30, 2023

Budgetary Comparison Schedules

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

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2023, expenditures within all departments were under the appropriated budget.

Changes in Assumptions Related to Pensions

No changes were made in actuarial assumptions from the prior year's valuation.

OTHER REPORTS



**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***

Honorable Mayor and
Members of the City Council
Moab City
Moab, 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 (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 20, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Moab 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 which might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of questioned costs that we consider to be significant deficiencies. [23-1].

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatements, 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 instance 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.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
March 20, 2024

MOAB CITY
SCHEDULE OF SIGNIFICANT DEFICIENCIES
FOR THE YEAR ENDED JUNE 30, 2023

1. 23-1: Accruals

Finding: During our audit testing, we noted that some accruals were not properly captured in the financial statements, including: accounts payable, interest payable, compensated absences, retirement, depreciation.

Cause: The accruals were not properly recorded in the accounting system.

Effect: This caused balances to be incorrect on the original trial balance and required significant number of journal entries to correct the balances. And to bring the financial statements into conformity with Generally Accepted Accounting Principles.

Recommendation: We recommend that the City ensure that the accruals at year end are properly recorded, and that the city follow the implemented controls to ensure that accruals are reviewed by management to ensure the information is recorded in the proper period.

Response: We concur with the auditor's recommendations. The challenges came from change in accounting personnel and management. It was further compounded by the changing of accounting software during the fiscal year. We have put policies and procedures in place to ensure that accounting standards are being followed, and the required accruals are being recorded.



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Mayor and
Members of City Council
Moab, Utah

Report On Compliance

We have audited Moab City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023, in the following areas:

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Related Revenues
- Government Fees
- Fraud Risk Assessment
- Open and Public Meeting Act

Management's Responsibility

Management is responsible for compliance with the 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 state compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement occurred. An audit includes examining, on a test basis, evidence about the 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

Opinion on Compliance

In our opinion, Moab City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are in our letter to management dated March 20, 2023 as item 23-1. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to management dated March 20, 2024 as item 23-1. The City's response was not subject 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

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with those state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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 to detect and correct noncompliance with a state compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control 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.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC
Provo, Utah
March 20, 2024