

Moab City  
Grand County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2009



Moab City  
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June 30, 2009

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LARSON & ROSENBERGER LLP  
CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

December 10, 2009

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

Mayor and Council Members:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moab, as of and for the year ended June 30, 2009, which collectively comprise the City of Moab's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Moab's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Moab, as of June 30, 2009, and the respective changes in financial position and cash flows, where applicable, and the budgetary comparison for the general fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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The Management's Discussion and Analysis on pages 3 through 11, and the budgetary comparison for the general fund, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 10, 2009, on our consideration of the City of Moab's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Larson & Rosenberger, LLP  
Certified Public Accountants

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

As management of Moab City (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2009.

**FINANCIAL HIGHLIGHTS**

- \*Total net assets for the City as a whole increased by \$405,971.
- \*Total unrestricted net assets for the City as a whole increased by \$763,258.
- \*Total net assets for governmental activities decreased by \$683,356.
- \*Total net assets for business-type activities increased by \$1,089,327.

**BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

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

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

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

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

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

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

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

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

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

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

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

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

**FINANCIAL ANALYSIS**

**Moab City's Net Assets**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 3,225,445	4,235,543	3,724,637	2,653,116	6,950,082	6,888,659
Net capital assets	10,593,800	10,113,040	6,896,381	6,943,120	17,490,181	17,056,159
<b>Total assets</b>	<b><u>13,819,245</u></b>	<b><u>14,348,583</u></b>	<b><u>10,621,018</u></b>	<b><u>9,596,236</u></b>	<b><u>24,440,263</u></b>	<b><u>23,944,819</u></b>
Long-term liabilities	2,363,333	2,333,307	36,481	114,481	2,399,814	2,447,788
Other liabilities	927,381	803,389	49,354	35,899	976,735	839,288
<b>Total liabilities</b>	<b><u>3,290,715</u></b>	<b><u>3,136,696</u></b>	<b><u>85,835</u></b>	<b><u>150,380</u></b>	<b><u>3,376,549</u></b>	<b><u>3,287,076</u></b>
Net assets:						
Capital assets, net of debt	8,230,467	7,779,733	6,859,901	6,828,639	15,090,368	14,608,372
Restricted	173,553	228,362	748,400	1,532,874	921,953	1,761,236
Unrestricted	2,124,511	3,203,792	2,926,883	1,084,343	5,051,394	4,288,135
<b>Total net assets</b>	<b><u>\$ 10,528,531</u></b>	<b><u>11,211,886</u></b>	<b><u>10,535,184</u></b>	<b><u>9,445,856</u></b>	<b><u>21,063,714</u></b>	<b><u>20,657,743</u></b>

As noted earlier, net assets may serve over time as a useful indicator of financial position. Total assets exceeded total liabilities at the close of the year by \$21,063,714, an increase of \$405,972 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net assets at the end of the year are \$5,051,394, which represents an increase of \$763,258 from the previous year. Unrestricted net assets are those available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

**FINANCIAL ANALYSIS (continued)**

**Moab City's Change in Net Assets**

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Program revenues:</b>						
Charges for services	1,240,286	1,282,589	1,386,480	1,270,876	2,626,766	2,553,466
Operating grants	244,964	235,189	-	-	244,964	235,189
Capital grants	130,172	281,110	57,679	189,243	187,851	470,353
<b>General revenues:</b>						
Sales tax	1,454,430	1,427,015	-	-	1,454,430	1,427,015
Other taxes	3,683,646	3,510,795	-	-	3,683,646	3,510,795
Unrestricted investment earnings	103,178	153,312	55,217	104,267	158,395	257,579
Other revenues	167,030	156,345	93,105	-	260,135	156,345
Gain on sale of assets	8,024	2,325	-	-	8,024	2,325
<b>Total revenues</b>	<b><u>7,031,731</u></b>	<b><u>7,048,679</u></b>	<b><u>1,592,481</u></b>	<b><u>1,564,386</u></b>	<b><u>8,624,212</u></b>	<b><u>8,613,065</u></b>
<b>Expenses:</b>						
General government	1,799,849	1,481,817	-	-	1,799,849	1,481,817
Public safety	1,976,923	1,775,588	-	-	1,976,923	1,775,588
Highways and improvements	2,202,589	2,030,718	-	-	2,202,589	2,030,718
Parks and recreation	1,177,536	947,250	-	-	1,177,536	947,250
Interest on long-term debt	102,690	53,533	-	-	102,690	53,533
Water and sewer	-	-	958,013	917,734	958,013	917,734
Storm drain	-	-	641	10,048	641	10,048
<b>Total expenses</b>	<b><u>7,259,587</u></b>	<b><u>6,288,905</u></b>	<b><u>958,654</u></b>	<b><u>927,782</u></b>	<b><u>8,218,241</u></b>	<b><u>7,216,687</u></b>
<b>Excess (deficiency) before transfers</b>	<b><u>(227,856)</u></b>	<b><u>759,774</u></b>	<b><u>633,827</u></b>	<b><u>636,604</u></b>	<b><u>405,971</u></b>	<b><u>1,396,378</u></b>
Transfers in (out)	<u>(455,500)</u>	<u>-</u>	<u>455,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Change in net assets</b>	<b><u>(683,356)</u></b>	<b><u>759,774</u></b>	<b><u>1,089,327</u></b>	<b><u>636,604</u></b>	<b><u>405,971</u></b>	<b><u>1,396,378</u></b>

For the City as a whole, total revenues increased by \$11,147 compared to the previous year, while total expenses increased by \$1,001,554. The total net change of \$405,971 is, in private sector terms, the net income for the year which is \$990,407 less than the previous year.

Governmental activities revenues of \$7,031,731 is a decrease of \$16,948 from the previous year. Governmental activities expenses of \$7,259,587 is an increase of \$970,681 from the previous year. Expenditures for all departments increased substantially during the year.

Business-type activities revenue of \$1,592,481 is an increase of \$28,096 from the previous year. Business-type activities expenses of \$958,654 is an increase of \$30,872 from the previous year. This is due to an overall increase in water and sewer operation expenses.

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

**BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS**

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

*General Fund*

The fund balance of \$926,653 reflects a decrease of \$1,449,589 from the previous year. Total revenues, excluding transfers in, increased by \$28,836. Tax revenues increased by \$200,266. Intergovernmental revenue increased by \$4,080. All other revenues decreased by \$175,510. Transfers in for the year amounted to \$344,500.

Total expenditures, excluding transfers out, increased by \$652,839. Expenditure changes from the previous year, by department: general government increased by \$6,275; public safety increased by \$256,631; streets and highways decreased by \$104,726; and parks and recreation increased by \$68,008. Capital outlay expenditures increased by \$404,305. Debt service expenditures increased by \$22,346. Transfers out for the year amounted to \$2,071,848.

The amount restricted for Class C roads is \$173,553. Unreserved fund balance amounts to \$753,100.

*Water and Sewer Fund*

The change in net assets (net income) was \$182,005. The amount restricted for debt service and construction is \$36,481 and \$711,919, respectively. Unrestricted net assets amount to \$2,018,796.

*Storm Drain Fund*

The change in net assets (net income) was \$907,322. Unrestricted net assets amount to \$908,086.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$6,493,009. This amount was amended in the final budget to \$6,498,009. Actual revenues, excluding transfers, amounted to \$6,907,615.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$6,969,258. This amount was amended in the final budget to \$6,974,195. Actual expenditures amounted to \$6,629,856.

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

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

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
<b>Net Capital Assets:</b>						
Land and water rights	\$ 476,884	371,977	262,935	262,935	739,819	634,912
Buildings	4,404,485	4,360,651	-	-	4,404,485	4,360,651
Improvements other than buildings	1,298,780	1,330,281	-	-	1,298,780	1,330,281
Machinery and equipment	2,217,377	2,159,600	141,429	112,543	2,358,807	2,272,143
Infrastructure	2,196,274	1,890,531	-	-	2,196,274	1,890,531
Water system	-	-	2,672,162	2,676,582	2,672,162	2,676,582
Sewer system	-	-	3,739,499	3,891,059	3,739,499	3,891,059
Work in progress	-	-	80,356	-	80,356	-
<b>Totals</b>	<b><u>\$ 10,593,800</u></b>	<b><u>10,113,040</u></b>	<b><u>6,896,381</u></b>	<b><u>6,943,120</u></b>	<b><u>17,490,181</u></b>	<b><u>17,056,159</u></b>

The total amount of capital assets, net of depreciation, of \$17,490,181 is an increase of \$434,022 from the previous year.

Governmental activities capital assets, net of depreciation, of \$10,593,800 is an increase of \$480,760 from the previous year.

Business-type activities capital assets, net of depreciation, of \$6,896,381 is a decrease of \$46,738 from the previous year.

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

Moab City  
**Management's Discussion and Analysis**  
June 30, 2009

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Moab City's Outstanding Debt - Revenue Bonds**

	Current Year	Previous Year
<b>Governmental activities:</b>		
2006 Lease F-353	\$ -	9,514
2006 Lease F-150s	-	14,736
2007 Lease Chargers(3)	26,149	51,172
2008 Lease Vehicles	59,264	87,500
2008 Lease Equipment	207,420	305,385
2009 Lease Equipment	270,500	-
2003 Sales Tax Revenue	1,800,000	1,865,000
<b>Total governmental</b>	<b>2,363,333</b>	<b>2,333,307</b>
<b>Business-type activities:</b>		
1993A BWR Water Revenue	3,240	43,240
1993B BWR Water Revenue	33,240	71,240
<b>Total business-type</b>	<b>36,481</b>	<b>114,481</b>
<b>Total outstanding debt</b>	<b>\$ 2,399,814</b>	<b>2,447,788</b>

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the Moab City'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, UT 84532.

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## **BASIC FINANCIAL STATEMENTS**

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Moab City  
**STATEMENT OF NET ASSETS**  
June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>ASSETS:</b>			
Current Assets:			
Cash and cash equivalents	\$ 1,937,420	2,861,182	4,798,602
Accounts receivable, net of allowances	1,042,813	115,055	1,157,868
Other assets	71,659	-	71,659
Total current assets	3,051,892	2,976,237	6,028,129
Non-current assets:			
Restricted cash and cash equivalents	173,553	748,400	921,953
Capital assets:			
Not being depreciated	476,884	343,292	820,176
Net of accumulated depreciation	10,116,916	6,553,090	16,670,006
Total non-current assets	10,767,353	7,644,781	18,412,135
<b>Total assets</b>	<b>\$ 13,819,245</b>	<b>10,621,018</b>	<b>24,440,263</b>
<b>LIABILITIES:</b>			
Current Liabilities:			
Accounts payable	\$ 103,658	7,075	110,733
Customer security deposits	-	8,200	8,200
Accrued interest	37,954	-	37,954
Deferred revenues	504,748	-	504,748
Revenue bonds due within one year	66,000	36,481	102,481
Capital leases due within one year	206,745	-	206,745
Total current liabilities	919,105	51,756	970,861
Non-current liabilities:			
Compensated absences	281,021	34,079	315,100
Revenue bonds due after one year	1,734,000	-	1,734,000
Capital leases due after one year	356,588	-	356,588
Total non-current liabilities	2,371,609	34,079	2,405,688
<b>Total liabilities</b>	<b>3,290,715</b>	<b>85,835</b>	<b>3,376,549</b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	8,230,467	6,859,901	15,090,368
Restricted:			
Class C roads	173,553	-	173,553
Debt service	-	36,481	36,481
Impact fees	-	711,919	711,919
Unrestricted	2,124,511	2,926,883	5,051,394
Total net assets	<b>10,528,531</b>	<b>10,535,184</b>	<b>21,063,714</b>
<b>Total liabilities and net assets</b>	<b>\$ 13,819,245</b>	<b>10,621,018</b>	<b>24,440,263</b>

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

Moab City  
**STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2009

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
Administration	\$ 1,799,849	1,056,456	52,291	-	(691,103)
Public safety	1,976,923	12,417	14,980	-	(1,949,526)
Streets and highways	2,202,589	-	177,693	-	(2,024,895)
Culture and recreation	1,177,536	171,413	-	130,172	(875,951)
Interest on long-term debt	102,690	-	-	-	(102,690)
<b>Total governmental activities</b>	<b>7,259,587</b>	<b>1,240,286</b>	<b>244,964</b>	<b>130,172</b>	<b>(5,644,164)</b>
Business-type activities:					
Water & Sewer Utilities	958,013	1,259,017	-	57,679	358,683
Storm Drain Utility	641	127,463	-	-	126,822
<b>Total business-type activities</b>	<b>958,654</b>	<b>1,386,480</b>	<b>-</b>	<b>57,679</b>	<b>485,505</b>
<b>Total primary government</b>	<b>\$ 8,218,241</b>	<b>2,626,766</b>	<b>244,964</b>	<b>187,851</b>	<b>(5,158,659)</b>

(continued on next page)

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

Moab City  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2009

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET ASSETS:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b><u>\$ (5,644,164)</u></b>	<b><u>485,505</u></b>	<b><u>(5,158,659)</u></b>
<b>General revenues:</b>			
Sales tax	1,454,430	-	1,454,430
Other taxes	3,683,646	-	3,683,646
Unrestricted investment earnings	103,178	55,217	158,395
Miscellaneous	167,030	93,105	260,135
Gain on sales of capital assets	8,024	-	8,024
<b>Transfers in (out)</b>	<u>(455,500)</u>	<u>455,500</u>	<u>-</u>
<b>Total general revenues and transfers</b>	<b><u>4,960,809</u></b>	<b><u>603,822</u></b>	<b><u>5,564,631</u></b>
<b>Change in net assets</b>	<b>(683,356)</b>	<b>1,089,327</b>	<b>405,971</b>
Net assets - beginning, as reported	11,731,576	9,445,856	21,177,432
Prior period adjustments	<u>(519,689)</u>	<u>-</u>	<u>(519,689)</u>
Net assets - beginning, adjusted	<u>11,211,886</u>	<u>9,445,856</u>	<u>20,657,743</u>
<b>Net assets - ending</b>	<b><u><u>\$ 10,528,531</u></u></b>	<b><u><u>10,535,184</u></u></b>	<b><u><u>21,063,714</u></u></b>

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

Moab City  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2009

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 241,319	1,593,766	102,335	1,937,420
Accounts receivable, net of allowances	531,768	510,024	1,021	1,042,813
Other assets	71,659	-	-	71,659
Restricted cash and cash equivalents	173,553	-	-	173,553
<b>TOTAL ASSETS</b>	<b><u>\$ 1,018,300</u></b>	<b><u>2,103,790</u></b>	<b><u>103,356</u></b>	<b><u>3,225,445</u></b>
<b>LIABILITIES</b>				
Accounts payable	\$ 91,647	7,044	4,967	103,658
Deferred revenues	-	504,748	-	504,748
<b>TOTAL LIABILITIES</b>	<b><u>91,647</u></b>	<b><u>511,792</u></b>	<b><u>4,967</u></b>	<b><u>608,406</u></b>
<b>FUND BALANCES:</b>				
Reserved for:				
Class C roads	173,553	-	-	173,553
Recreation	-	-	95,382	95,382
Youth city council	-	-	3,007	3,007
Unreserved, reported in:				
General fund	753,100	-	-	753,100
Capital projects funds	-	1,591,997	-	1,591,997
<b>TOTAL FUND BALANCES</b>	<b><u>926,653</u></b>	<b><u>1,591,997</u></b>	<b><u>98,389</u></b>	<b><u>2,617,039</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u>\$ 1,018,300</u></b>	<b><u>2,103,790</u></b>	<b><u>103,356</u></b>	<b><u>3,225,445</u></b>

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

Moab City  
**STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2009

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Sales	\$ 1,454,430	-	-	1,454,430
Other taxes	3,683,646	-	-	3,683,646
Licenses and permits	114,990	-	-	114,990
Intergovernmental revenues	244,964	70,174	59,998	375,137
Charges for services	954,277	-	119,344	1,073,621
Fines and forfeitures	51,675	-	-	51,675
Interest	50,613	51,630	934	103,178
Miscellaneous revenue	57,701	58,768	50,561	167,030
<b>Total revenues</b>	<b><u>6,612,297</u></b>	<b><u>180,573</u></b>	<b><u>230,837</u></b>	<b><u>7,023,707</u></b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,505,281	-	-	1,505,281
Public safety	1,970,364	-	-	1,970,364
Highways and public improvements	2,110,095	-	-	2,110,095
Parks, recreation and public property	617,465	107,914	368,450	1,093,829
Capital outlay	404,305	739,150	-	1,143,455
Debt service:				
Principal	4,235	65,000	-	69,235
Interest	18,111	46,625	-	64,736
<b>Total expenditures</b>	<b><u>6,629,856</u></b>	<b><u>958,689</u></b>	<b><u>368,450</u></b>	<b><u>7,956,995</u></b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b><u>(17,559)</u></b>	<b><u>(778,116)</u></b>	<b><u>(137,613)</u></b>	<b><u>(933,288)</u></b>
<b>Other Financing Sources and (Uses):</b>				
Proceeds from sale of bonds	270,500	-	-	270,500
Proceeds from sale of assets	24,818	-	-	24,818
Transfers in	344,500	1,136,000	135,848	1,616,348
Transfers (out)	(2,071,848)	-	-	(2,071,848)
<b>Total other financing sources and (uses)</b>	<b><u>(1,432,030)</u></b>	<b><u>1,136,000</u></b>	<b><u>135,848</u></b>	<b><u>(160,182)</u></b>
<b>Net Change in Fund Balances</b>	<b>(1,449,589)</b>	<b>357,884</b>	<b>(1,765)</b>	<b>(1,093,470)</b>
Fund balances - beginning, as reported	2,376,242	1,753,802	100,154	4,230,198
Prior period adjustments	-	(519,689)	-	(519,689)
Fund balances - beginning, adjusted	<u>2,376,242</u>	<u>1,234,113</u>	<u>100,154</u>	<u>3,710,509</u>
<b>Fund balances - end of year</b>	<b><u>\$ 926,653</u></b>	<b><u>1,591,997</u></b>	<b><u>98,389</u></b>	<b><u>2,617,039</u></b>

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

Moab City  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS**  
 June 30, 2009

<b>Total Fund Balances for Governmental Funds</b>	<b><u>\$ 2,617,039</u></b>
<p>Total net assets reported for governmental activities in the statement is different because:</p> <p>Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds.</p>	
Capital assets, at cost	13,575,685
Less accumulated depreciation	<u>(2,981,885)</u>
<b>Net capital assets</b>	<b><u>10,593,800</u></b>
<p>Long-term liabilities, for funds other than enterprise funds are recorded in the government-wide statements but not in the fund statements.</p>	
<b>General long-term debt</b>	<b><u>(2,363,333)</u></b>
<b>Interest accrued but not yet paid on long-term debt</b>	<b><u>(37,954)</u></b>
<b>Compensated absences</b>	<b><u>(281,021)</u></b>
<b>Total Net Assets of Governmental Activities</b>	<b><u><u>\$ 10,528,531</u></u></b>

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 BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2009

**Net Change in Fund Balances - Total Governmental Funds** **\$ (1,093,470)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.

Capital outlays	1,143,455
Depreciation expense	<u>(645,902)</u>
<b>Net</b>	<b><u>497,554</u></b>

Cost of retired assets sold is not reported in government fund statements, while it is reported in the statement of activities.

**Book cost of assets retired** **(16,794)**

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

**Debt issued - bonds** **(270,500)**

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

**Long-term debt principal repayments** **240,474**

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

**Change in accrued interest** **(37,954)**

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

**Change in compensated absence liability** **(2,666)**

**Change in Net Assets of Governmental Activities** **\$ (683,356)**

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

Moab City  
**STATEMENT OF NET ASSETS - PROPRIETARY FUNDS**  
June 30, 2009

	Water & Sewer Fund	Storm Drain Fund	Total
<b>ASSETS:</b>			
Current assets:			
Cash and cash equivalents	\$ 1,966,409	894,773	2,861,182
Accounts receivable, net	101,741	13,314	115,055
Total current assets	<u>2,068,150</u>	<u>908,086</u>	<u>2,976,237</u>
Non-current assets:			
Restricted cash and cash equivalents	748,400	-	748,400
Capital assets:			
Not being depreciated	343,292	-	343,292
Net of accumulated depreciation	6,553,090	-	6,553,090
Total non-current assets	<u>7,644,781</u>	<u>-</u>	<u>7,644,781</u>
<b>Total assets</b>	<b><u><u>\$ 9,712,932</u></u></b>	<b><u><u>908,086</u></u></b>	<b><u><u>10,621,018</u></u></b>
<b>LIABILITIES:</b>			
Current liabilities:			
Accounts payable	\$ 7,075	-	7,075
Customer security deposits	8,200	-	8,200
Revenue bonds, current portion	36,481	-	36,481
Total current liabilities	<u>51,756</u>	<u>-</u>	<u>51,756</u>
Non-current liabilities:			
Compensated absences	34,079	-	34,079
Revenue bonds, long-term	-	-	-
Total non-current liabilities	<u>34,079</u>	<u>-</u>	<u>34,079</u>
<b>Total liabilities</b>	<b><u><u>85,835</u></u></b>	<b><u><u>-</u></u></b>	<b><u><u>85,835</u></u></b>
<b>NET ASSETS:</b>			
Invested in capital assets, net of related debt	6,859,901	-	6,859,901
Restricted for:			
Debt service	36,481	-	36,481
Construction	711,919	-	711,919
Unrestricted	2,018,796	908,086	2,926,883
<b>Total net assets</b>	<b><u><u>9,627,097</u></u></b>	<b><u><u>908,086</u></u></b>	<b><u><u>10,535,184</u></u></b>
<b>Total liabilities and net assets</b>	<b><u><u>\$ 9,712,932</u></u></b>	<b><u><u>908,086</u></u></b>	<b><u><u>10,621,018</u></u></b>

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

Moab City  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES  
 IN FUND NET ASSETS - PROPRIETARY FUNDS**

June 30, 2009

	Water & Sewer Fund	Storm Drain Fund	Total
<b>Operating income:</b>			
Charges for sales and service	\$ 1,176,901	127,463	1,304,364
Connection fees	13,594	-	13,594
Other operating income	68,522	-	68,522
<b>Total operating revenue</b>	<b><u>1,259,017</u></b>	<b><u>127,463</u></b>	<b><u>1,386,480</u></b>
<b>Operating expenses:</b>			
Personal services	222,863	-	222,863
Utilities	72,208	-	72,208
Repair & maintenance	30,802	11	30,813
Other supplies & expenses	299,448	630	300,078
Insurance expense	1,560	-	1,560
Depreciation expense	330,705	-	330,705
<b>Total operating expense</b>	<b><u>957,585</u></b>	<b><u>641</u></b>	<b><u>958,226</u></b>
<b>Net operating income (loss)</b>	<b><u>301,432</u></b>	<b><u>126,822</u></b>	<b><u>428,254</u></b>
<b>Non-operating income (expense):</b>			
Impact fees	57,679	-	57,679
Other contributions	93,105	-	93,105
Interest income	55,217	-	55,217
Interest on long-term debt	(428)	-	(428)
<b>Total non-operating income (expense)</b>	<b><u>205,573</u></b>	<b><u>-</u></b>	<b><u>205,573</u></b>
<b>Income (loss) before transfers and capital contributions</b>	<b><u>507,005</u></b>	<b><u>126,822</u></b>	<b><u>633,827</u></b>
Transfers in	-	800,000	800,000
Transfers (out)	(325,000)	(19,500)	(344,500)
<b>Change in net assets</b>	<b>182,005</b>	<b>907,322</b>	<b>1,089,327</b>
Net assets, beginning	9,445,092	765	9,445,856
<b>Net assets, ending</b>	<b><u>\$ 9,627,097</u></b>	<b><u>908,086</u></b>	<b><u>10,535,184</u></b>

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, 2009

	Water & Sewer Fund	Storm Drain Fund	Total
<b>Cash flows from operating activities:</b>			
Cash received from customers - service	\$ 1,262,227	124,924	1,387,150
Cash paid to suppliers	(396,943)	(641)	(397,584)
Cash paid to employees	(217,027)	-	(217,027)
<b>Net cash provided (used) in operating activities</b>	<b><u>648,257</u></b>	<b><u>124,283</u></b>	<b><u>772,540</u></b>
<b>Cash flows from noncapital financing activities:</b>			
Change in customer deposits	544	-	544
Miscellaneous contributions	93,105	-	93,105
Net interfund activity	(314,990)	770,490	455,500
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>(221,341)</u></b>	<b><u>770,490</u></b>	<b><u>549,149</u></b>
<b>Cash flows from capital and related financing activities:</b>			
Cash received from impact fees	57,679	-	57,679
Cash payments for capital assets	(283,966)	-	(283,966)
Cash payments for long-term debt principal	(78,000)	-	(78,000)
Cash payments for long-term debt interest	(428)	-	(428)
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>(304,715)</u></b>	<b><u>-</u></b>	<b><u>(304,715)</u></b>
<b>Cash flows from investing activities:</b>			
Cash received from interest earned	55,217	-	55,217
<b>Net cash provided (used) in investing activities</b>	<b><u>55,217</u></b>	<b><u>-</u></b>	<b><u>55,217</u></b>
<b>Net increase (decrease) in cash</b>	<b>177,418</b>	<b>894,773</b>	<b>1,072,191</b>
Cash balance, beginning	2,537,391	-	2,537,391
<b>Cash balance, ending</b>	<b><u>\$ 2,714,809</u></b>	<b><u>894,773</u></b>	<b><u>3,609,582</u></b>
<b>Cash reported on the balance sheet:</b>			
Cash and cash equivalents	\$ 1,966,409	894,773	2,861,182
Non-current restricted cash	748,400	-	748,400
<b>Total cash and cash equivalents</b>	<b><u>\$ 2,714,809</u></b>	<b><u>894,773</u></b>	<b><u>3,609,582</u></b>

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

Moab City  
**STATEMENT OF CASH FLOWS (continued)**  
For the Year Ended June 30, 2009

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

	Water & Sewer Fund	Storm Drain Fund	Total
<b>Net operating income (expense)</b>	<b>\$ 301,432</b>	<b>126,822</b>	<b>428,254</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:			
Depreciation and amortization	330,705	-	330,705
Changes in assets and liabilities:			
(Increase) decrease in receivables	3,210	(2,539)	670
Increase (decrease) in payables	12,911	-	12,911
<b>Net cash provided in operating activity</b>	<b><u>\$ 648,257</u></b>	<b><u>124,283</u></b>	<b><u>772,540</u></b>

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**1-A. Reporting entity**

Moab City (the City), a municipal corporation located in Grand County, Utah, operates under a Council-Manager form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

**1-B. Government-wide and fund financial statements**

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

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

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

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

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

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

*Policy regarding use of restricted resources*

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

**1-D. Fund types and major funds**

*Governmental funds*

**The City reports the following major governmental fund:**

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 relating to recreation.

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

*Proprietary funds*

**The City reports the following major proprietary funds:**

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

**The City reports the following non-major proprietary funds:**

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

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

**1-E-1. Deposit and Investments**

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

**1-E-2. Cash and Cash Equivalents**

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

**1-E-3. Receivables and Payables**

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

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

Property taxes are assessed and collected for the City by Grand County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

**1-E-4. Restricted Assets**

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

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

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

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

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

**1-E-6. Capital Assets**

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

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

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

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

<b>Assets</b>	<b>Years</b>
Buildings and improvements	30-45
Machinery and equipment	10-15
Vehicles	5-10
Infrastructure	30

**1-E-7. Long-term Obligations**

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

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

**1-E-8. Fund Equity**

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

**1-E-9. Prior Period Adjustments**

The beginning fund balance of the capital projects fund and the beginning net assets reported on the government-wide financial statements have been restated. The restatement represents a decrease in the Capital Projects fund of \$519,689.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**2-A. Budgetary data**

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

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

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

**2-B. Deficit fund net assets**

As of June 30, 2009, none of the City's funds have deficit fund balances.

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2009 consist of the following:

	<u>Fair Value</u>
Cash on hand	\$ 650
Demand deposits - checking	394,202
Deposits - PTIF	<u>5,325,704</u>
<b>Total cash</b>	<b><u>\$ 5,720,555</u></b>

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

Cash and cash equivalents (current)	\$ 4,798,602
Restricted cash and cash equivalents (non-current)	<u>921,953</u>
<b>Total cash and cash equivalents</b>	<b><u>\$ 5,720,555</u></b>

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

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

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-A. Deposits and investments (continued)**

**Deposit and Investment Risk**

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

**Interest rate risk**

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

**Credit risk**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2009, \$500,000 of the City's demand deposits are covered by FDIC insurance while \$155,401 is uninsured.

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

**Concentration of credit risk**

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

**3-B. Receivables**

The allowance policy is described in Note 1-E-3. Accounts not expected to be received within one year are captioned as non-current receivables. Receivables as of year end for the City's funds are shown below. All receivables are deemed collectible.

	Governmental Activities	Business-Type Activities	Total
Customers	\$ 116,446	119,514	235,960
Intergovernmental	421,619	-	421,619
Other receivables	35,606	-	35,606
<b>Total receivables</b>	<b>\$ 573,671</b>	<b>119,514</b>	<b>693,185</b>
Allowance for uncollectibles	-	(4,459)	(4,459)
<b>Net receivables</b>	<b>\$ 573,671</b>	<b>115,055</b>	<b>688,726</b>

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 371,977	104,907	-	476,884
Construction in progress	-	-	-	-
<b>Total capital assets, not being depreciated</b>	<b><u>371,977</u></b>	<b><u>104,907</u></b>	<b><u>-</u></b>	<b><u>476,884</u></b>
Capital assets, being depreciated:				
Buildings	4,806,693	165,582	-	4,972,275
Improvements other than buildings	2,032,257	91,318	-	2,123,575
Machinery and equipment	2,950,422	372,840	25,212	3,298,050
Infrastructure	2,296,094	408,808	-	2,704,902
<b>Total capital assets, being depreciated</b>	<b><u>12,085,465</u></b>	<b><u>1,038,548</u></b>	<b><u>25,212</u></b>	<b><u>13,098,801</u></b>
Less accumulated depreciation for:				
Buildings	446,041	121,749	-	567,790
Improvements other than buildings	701,976	122,819	-	824,795
Machinery and equipment	790,822	298,269	8,418	1,080,672
Infrastructure	405,563	103,065	-	508,628
<b>Total accumulated depreciation</b>	<b><u>2,344,402</u></b>	<b><u>645,901</u></b>	<b><u>8,418</u></b>	<b><u>2,981,885</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>9,741,063</u></b>	<b><u>392,647</u></b>	<b><u>16,794</u></b>	<b><u>10,116,916</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 10,113,040</u></b>	<b><u>497,554</u></b>	<b><u>16,794</u></b>	<b><u>10,593,800</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 291,903
Public safety	70,319
Highways and public improvements	190,459
Parks, recreation and public property	<u>93,222</u>
<b>Total</b>	<b><u>\$ 645,902</u></b>

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-C. Capital assets (continued)**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 262,935	-	-	262,935
Construction in progress	-	80,356	-	80,356
<b>Total capital assets, not being depreciated</b>	<b><u>262,935</u></b>	<b><u>80,356</u></b>	<b><u>-</u></b>	<b><u>343,292</u></b>
Capital assets, being depreciated:				
Water system	5,008,065	152,292	-	5,160,358
Sewer system	6,795,542	-	-	6,795,542
Machinery & equipment	714,888	51,318	-	766,206
<b>Total capital assets, being depreciated</b>	<b><u>12,518,495</u></b>	<b><u>203,610</u></b>	<b><u>-</u></b>	<b><u>12,722,105</u></b>
Less accumulated depreciation for:				
Water system	2,331,483	156,713	-	2,488,196
Sewer system	2,904,483	151,560	-	3,056,043
Machinery & equipment	602,345	22,431	-	624,777
<b>Total accumulated depreciation</b>	<b><u>5,838,311</u></b>	<b><u>330,705</u></b>	<b><u>-</u></b>	<b><u>6,169,016</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>6,680,184</u></b>	<b><u>(127,094)</u></b>	<b><u>-</u></b>	<b><u>6,553,090</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 6,943,120</u></b>	<b><u>(46,738)</u></b>	<b><u>-</u></b>	<b><u>6,896,381</u></b>

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

<b>Business-type activities:</b>	
Water	\$ 178,423
Sewer	152,281
<b>Total</b>	<b><u>\$ 330,705</u></b>

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-D. Long-term debt**

	Original Principal	% Rate	6/30/2008	Additions	Reductions	6/30/2009	Due Within One Year
<b><u>Governmental activities:</u></b>							
2006 Lease F353 Matures 8/31/2008	\$ 27,485	3.90	\$ 9,514	-	9,514	-	-
2006 Capital Lease F150s Matures 6/30/2009	44,207	4.10	14,736	-	14,736	-	-
2007 Lease Chargers(3) Matures 11/28/2009	75,118	4.50	51,172	-	25,023	26,149	26,149
2008 Lease Vehicles Matures 3/5/2011	87,500	3.26	87,500	-	28,236	59,264	29,157
2008 Lease Equipment Matures 6/24/2011	305,385	3.86	305,385	-	97,965	207,420	101,746
2009 Equipment lease Matures 3/24/2014	270,500	4.25	-	270,500	-	270,500	49,693
2003 Sales Tax Revenue Matures 10/1/2029	2,050,000	2.50	1,865,000	-	65,000	1,800,000	66,000
<b>Total governmental activity long-term liabilities</b>			<b><u>\$2,333,307</u></b>	<b><u>270,500</u></b>	<b><u>240,474</u></b>	<b><u>2,363,333</u></b>	<b><u>272,745</u></b>

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

	Principal	Interest	Total
2010	\$ 272,745	67,611	340,356
2011	255,586	57,795	313,380
2012	124,006	48,833	172,839
2013	127,302	44,787	172,089
2014	131,695	40,620	172,314
2015 - 2019	395,000	162,250	557,250
2020 - 2024	446,000	110,375	556,375
2025 - 2029	503,000	51,850	554,850
2030 - 2029	108,000	2,700	110,700
<b>Total</b>	<b><u>\$2,363,333</u></b>	<b><u>586,821</u></b>	<b><u>2,950,154</u></b>

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-D. Long-term debt (continued)**

	Original Principal	%	6/30/2008	Additions	Reductions	6/30/2009	Due Within One Year
<b><u>Business-type activities:</u></b>							
1993B BWR Water Revenue Matures 1/1/2010	\$ 764,000	-	\$ 71,240	-	38,000	33,240	33,240
1993A BWR Water Revenue Matures 1/1/2014	765,000	-	43,240	-	40,000	3,240	3,240
<b>Total business-type activity long-term liabilities</b>			<b><u>\$114,480</u></b>	<b><u>-</u></b>	<b><u>78,000</u></b>	<b><u>36,480</u></b>	<b><u>36,480</u></b>

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

	Principal	Interest	Total
2010	\$ 36,481	-	36,481
2011	-	-	-
2012	-	-	-
2013	-	-	-
2014	-	-	-
<b>Total</b>	<b><u>\$36,481</u></b>	<b><u>-</u></b>	<b><u>36,481</u></b>

**Other long-term liabilities:**

	Beginning	Increase (Decrease)	Ending
<b>Compensate absences:</b>			
Governmental	\$ 278,355	2,666	281,021
Business-type	28,243	5,836	34,079
<b>Total</b>	<b><u>\$ 306,598</u></b>	<b><u>8,502</u></b>	<b><u>315,100</u></b>

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

**3-E. Interfund receivables, payables, and transfers**

Interfund transfers:

	<b>Transfers Out:</b>			Total
	General	Water and Sewer	Storm Drain	
<b><u>Transfers In:</u></b>				
General Fund	\$ -	325,000	19,500	344,500
Recreation	135,848	-	-	135,848
Capital projects	1,136,000	-	-	1,136,000
Storm drain	800,000	-	-	800,000
<b>Total</b>	<b>\$ 2,071,848</b>	<b>325,000</b>	<b>19,500</b>	<b>2,416,348</b>

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

**NOTE 4 - OTHER INFORMATION**

**4-A. Risk management**

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

**4-B. Employee pension and other benefit plans**

**Plan Description:**

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

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

Moab City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2009

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

**Funding Policy:**

The City is required to contribute a percent of covered salary to the respective systems: 11.62% to the Noncontributory System and 22.61% to the Public Safety Noncontributory System. The contribution rate is the actuarially determined rate and is approved by the Board as authorized by Chapter 49.

The City's contributions to the various systems for the years ending June 30, 2009, 2008 and 2007, respectively, were: for the Noncontributory System, \$211,289, \$183,919, and \$162,836 and for the Public Safety Noncontributory \$126,200, \$108,375, and \$96,588. The contributions were equal to the required contributions for each year.

**4-C. Landfill agreement**

Moab City entered into an agreement with the Grand County Solid Waste Management Special Service District No. 1 and Grand County in which the City agreed to guarantee the performance of closure and post-closure care at the Klondike and Moab Landfills. Should the escrow moneys set aside by the District not cover all costs associated with the closure and post-closure of the landfill, Moab would be liable for one half of the uncovered costs. Total closure and post-closure costs are currently estimated to be no more than \$164,126 for the Klondike Landfill and for the Moab Landfill.

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**REQUIRED SUPPLEMENTAL INFORMATION**  
**(Unaudited)**

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Moab City  
**Notes to Required Supplementary Information**  
June 30, 2009

**Budgetary Comparison Schedules**

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

**Budgeting and Budgetary Control**

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

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

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2009 spending for all departments spending was within the appropriated budget.

Moab City  
**SCHEDULE OF REVENUES, EXPENDITUES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**(Unaudited)**

For the Year Ended June 30, 2009

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget Under (Over)
<b>Revenues</b>				
Taxes	\$ 4,704,728	4,704,728	5,138,076	(433,348)
Licenses and permits	126,800	126,800	114,990	11,810
Intergovernmental revenues	283,091	283,091	244,964	38,127
Charges for services	949,260	954,260	954,277	(17)
Fines and forfeitures	64,500	64,500	51,675	12,825
Interest	78,000	78,000	50,613	27,387
Miscellaneous revenue	9,600	9,600	57,701	(48,101)
<b>Total revenues</b>	<b><u>6,215,979</u></b>	<b><u>6,220,979</u></b>	<b><u>6,612,297</u></b>	<b><u>(391,318)</u></b>
<b>Expenditures</b>				
General government	1,591,615	1,601,552	1,558,708	42,844
Public safety	2,076,014	2,090,014	2,021,006	69,008
Highways and public improvements	2,573,228	2,578,228	2,371,572	206,656
Parks and recreation	728,401	704,401	656,223	48,178
Debt Service:				
Principal	-	-	4,235	(4,235)
Interest	-	-	18,111	(18,111)
<b>Total expenditures</b>	<b><u>6,969,258</u></b>	<b><u>6,974,195</u></b>	<b><u>6,629,856</u></b>	<b><u>344,339</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>\$ (772,843)</u></b>	<b><u>(772,843)</u></b>	<b><u>(17,559)</u></b>	<b><u>(755,284)</u></b>
<b>Other Financing Sources and (Uses)</b>				
Proceeds from sale of bonds	277,030	277,030	270,500	6,530
Proceeds from sale of assets	-	-	24,818	(24,818)
Transfers in	1,371,661	2,571,661	344,500	2,227,161
Transfers (out)	(875,848)	(2,075,848)	(2,071,848)	(4,000)
<b>Total Other Financing Sources and (Uses)</b>	<b><u>772,843</u></b>	<b><u>772,843</u></b>	<b><u>(1,432,030)</u></b>	<b><u>2,204,873</u></b>
<b>Net Change in Fund Balances</b>	<b>-</b>	<b>-</b>	<b><u>(1,449,589)</u></b>	<b><u>1,449,589</u></b>
Fund Balances - beginning of year	2,376,242	2,376,242	2,376,242	-
<b>Fund Balances - end of year</b>	<b><u>\$ 2,376,242</u></b>	<b><u>2,376,242</u></b>	<b><u>926,653</u></b>	<b><u>1,449,589</u></b>



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF GENERAL-PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

December 10, 2009

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

Mayor and Council Members:

We have audited the accompanying basic financial statements of Moab City, Utah (herein referred to as the "City"), as of and for the year ended June 30, 2009, and have issued our report thereon dated December 10, 2009. 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.

**Compliance**

As part of obtaining reasonable assurance about whether the City's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the City in the management letter.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's financial statements that is more than inconsequential will not be prevented or detected by the City's internal control. We consider the deficiencies described in the accompanying management letter to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the City's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described in the management letter are a material weakness.

This report is intended for the information of the Mayor and City Council, management, and various federal and state funding and auditing agencies and is not intended to be and should not be used by anyone other than these specified parties.

Larson & Rosenberger, LLP  
Certified Public Accountants



**INDEPENDENT AUDITORS' REPORT ON LEGAL COMPLIANCE WITH  
APPLICABLE UTAH STATE LAWS AND REGULATIONS**

December 10, 2009

Honorable Mayor and  
City Council Members  
Moab City, Utah

Mayor and Council Members:

We have audited the basic financial statements of Moab City, Utah, (herein referred to as the "City") as of and for the year ended June 30, 2009, and have issued our report thereon dated December 10, 2009. As part of our audit, we have audited Moab City's compliance with the requirements governing types of services allowed or un-allowed; eligibility; matching, level of effort, or earmarking; reporting; special tests and provisions applicable to each of its major State assistance programs as required by the State of Utah Legal Compliance Audit Guide for the year ended June 30, 2009. The City received the following major State assistance programs from the State of Utah:

- B & C Road Funds (Department of Transportation)
- Liquor Law Enforcement (State Tax Commission)

Our audit also included test work on the City's compliance with those general compliance requirements identified in the State of Utah Legal Compliance Audit Guide, including:

- Public Debt
- Cash Management
- Purchasing Requirements
- Budgetary Compliance
- Truth in Taxation and Property Tax Limitations
- Other General Compliance Issues
- Impact Fees and Other Development Fees
- Justice Courts Compliance
- Asset Forfeiture
- Utah Retirement System Compliance

The management of Moab City is responsible for the City's compliance with all compliance requirements identified above. Our responsibility is to express an opinion on compliance with those requirements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, Moab City, Utah, complied, in all material respects, with the general compliance requirements identified above and the requirements governing types of services allowed or un-allowed; eligibility; matching, level of effort, or earmarking; reporting; and special tests and provisions that are applicable to each of its major State assistance programs for the year ended June 30, 2009.

Larson & Rosenberger, LLP  
Certified Public Accountants