

MOAB CITY

**CORRESPONDENCE WITH THOSE
CHARGED WITH GOVERNANCE**

JUNE 30, 2025



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

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December 19, 2025

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, 2025, and have issued our report thereon dated December 19, 2025. 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 July 14, 2025. 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 in 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:

25-1 Budgetary Compliance

Finding: State law requires that a city's actual expenditure on any given fund do not exceed the budgeted expenditure for that fund. During our audit we noted that the City had two funds, the Water and Storm Drain funds, where actual expenditures exceeded budgeted amounts.

Recommendation: It is recommended that near year-end the City reviews year-to-date expenditure by fund and compares them against budgeted amounts to determine if an amended budget should be proposed and approved.

City's Response: The City will make the necessary changes to ensure actual expenditures by fund do not exceed budgeted amounts.

Utah State Legal Compliance Findings – Prior Year:

24-1 Budgetary Compliance

Finding: State law requires that a city's actual expenditures in any given fund do not exceed the budgeted expenditures for that fund. During our audit we noted that the City had three funds: the Housing, Debt Service, and Parking & Transit funds, where actual expenditures exceeded budgeted amounts.

Current Status: See discussion in 25-1.

24-2 Enterprise Fund Transfers, Reimbursements, Loans and Services

Finding: State law requires that a city includes General fund overhead allocation as a budgeted expenditure in the fund that is allocated the overhead. During our audit we noted that the City did not include the General fund overhead allocation as a budgeted expenditure in the Parking and Transit fund.

Recommendation: It is recommended that the City reviews planned General fund overhead allocations and confirms that these amounts were included as expenditures in the respective budgets of those funds that are allocated the overhead.

Current Status: Resolved in current year.

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