

**MOAB CITY  
MANAGEMENT LETTER – COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE  
YEAR ENDED JUNE 30, 2017**

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December 5, 2017

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

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Moab City for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), 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 September 11, 2017. Professional standards also require that we communicate to you the following information related to our audit.

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Moab City are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the governmental unit 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 financial statement disclosures are neutral, consistent, and clear.

*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 clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 5, 2017.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the governmental unit’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 governmental unit’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the Management’s Discussion and Analysis, the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund, and the schedules relating to pensions, which are (is) required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

*Restriction on Use*

This information is intended solely for the use of Moab City, management of Moab City, and other 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.

Very truly yours,



Larson & Company, PC  
Spanish Fork, Utah

SCHEDULE OF FINDINGS – CURRENT YEAR

State Compliance Finding(s)

**SC-2017.1 General fund balance**

**Finding:**

*Utah Code 10-6-116 (2)* states that “the accumulation of a fund balance in the city general fund may not exceed 25% of the total revenue of the city general fund for the current fiscal period”. It was noted during our review of compliance that the unassigned, assigned, and committed fund balance exceeded the 25% limitation at the end of the current period.

**Recommendation:**

We recommend that the City monitor the 25% limitation more closely. If the City is planning for future projects, those funds should be moved into the capital projects funds or other funds where the money will be used for its intended purpose.

**Client Response:**

Management will monitor General Fund balance closer in the future and move accumulated funds to the appropriate capital projects fund or other funds for planned projects.

Internal Control Finding(s)

No findings related to internal control noted in current period

STATUS OF FINDINGS – PRIOR YEAR

State Compliance Finding(s)

**SC-2016.1 Treasurer Not Sufficiently Bonded**

**Finding:**

Treasurer must be bonded in accordance with Utah Administrative code R628-4-4. We noted during our audit that the Treasurer was not sufficiently bonded. This creates the risk that all uninsured funds would not be covered.

**Recommendation:**

We recommend that the bond be increased to sufficiently cover all uninsured funds. We also recommend that management review the Treasurer’s Bond quarterly to give assurance that coverage is appropriate and is according to State Compliance.

**Status of finding:**

Finding appears to have been addressed and corrected. City is in compliance in the current period.

Internal Control Finding(s)

No findings related to internal control noted in the prior year.