



February 24, 2026

To the Members of the City Council  
City of Sandy, Utah

We have audited the financial statements of Sandy City (the City) as of and for the year ended June 30, 2025, and have issued our report thereon dated February 24, 2026. Professional standards require that we advise you of the following matters relating to our audit.

**Our Responsibility in Relation to the Financial Statement Audit under Generally Accepted Auditing Standards and *Government Auditing Standards***

As communicated in our letter dated August 4, 2025, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of its respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of the system of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the system of internal control of the City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our comments regarding internal controls during our audit in our Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* dated February 24, 2026.

**Planned Scope and Timing of the Audit**

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

## **Compliance with All Ethics Requirements Regarding Independence**

The engagement team, others in our firm, as appropriate, our firm, and other firms utilized in the engagement, if applicable, have complied with all relevant ethical requirements regarding independence.

## **Significant Risks Identified**

As stated in our auditor’s report, professional standards require us to design our audit to provide reasonable assurance that the financial statements are free of material misstatement whether caused by fraud or error. In designing our audit procedures, professional standards require us to evaluate the financial statements and assess the risk that a material misstatement could occur. Areas that are potentially more susceptible to misstatements, and thereby require special audit considerations, are designated as “significant risks.” In addition to the significant risks communicated to you previously, we have identified the following as an additional significant risk:

- Implementation of GASB Statement No. 101, *Compensated Absences* – We identified accounting for GASB 101 as a significant risk because the accounting standard is subject to a higher risk of error during the year of implementation.

## **Qualitative Aspects of the Entity’s Significant Accounting Practices**

### *Significant Accounting Policies*

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the city is included in Note 1 to the financial statements. During the year, the City has changed accounting policies related to accounting for compensated absences to adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Accordingly, the accounting change has been retrospectively applied to the financial statements beginning July 1, 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

### *Accounting Estimates and Related Disclosures*

Accounting estimates and related disclosures are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on 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 markedly from management’s current judgments. The most sensitive accounting estimate affecting the financial statements is the estimate of the net pension liability/asset.

Management’s estimate of the net pension liability/asset is based on actuarially determined amounts prepared by a qualified actuary. We evaluated the key factors and assumptions used to develop the net pension liability/asset and determined that it is reasonable in relation to the basic financial statements taken as a whole.

## *Financial Statement Disclosures*

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. There were no financial statement disclosures that we consider to be particularly sensitive or involve significant judgement.

### **Significant Difficulties Encountered during the Audit**

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

### **Uncorrected and Corrected Misstatements**

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

The attached schedule includes the misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management.

The following summarizes uncorrected financial statement misstatements whose effects in the current and prior periods, as determined by management, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

<i>Aggregate Remaining Funds (GASB 101 Adoption Impact and compensated absence accrual)</i>		
Overstatement of Beginning Net Position		\$431,000
Overstatement of Compensation Expense		\$431,000
<i>Golf Fund (Error in Depreciation Calculation)</i>		
Understatement of Capital Assets Net		\$24,000
Overstatement of Depreciation Expense		24,000
<i>General Fund (Court and Delinquent Tax Receivables and Accounts Payable after year end)</i>		
Understatement of Receivables		\$422,449
Understatement of Liabilities		116,427
Understatement of Deferred Inflow of Resources		442,449
Understatement of Expenses		116,427

The effect of these uncorrected misstatements as of and for the year ended June 30, 2025, is as follows:

- Understatement of change in net position (Aggregate Remaining) of approximately \$431,000, and no impact on ending net position (Aggregate Remaining).
- Understatement of change in net position (Golf) of approximately \$24,000, and understatement of net position (Golf) of approximately \$24,000.

-Overstatement of change in net position (General) of \$116,427, and overstatement of net position (General) of \$116,427.

### **Disagreements with Management**

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

### **Circumstances that Affect the Form and Content of the Auditor's Report**

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. The form and content was affected by the following: An emphasis of matter paragraph was added to describe the correction of an error related to liabilities and net position on the general fund and governmental activities.

### **Representations Requested from Management**

We have requested certain written representations from management that are included in the management representation letter dated February 24, 2026.

### **Management's Consultations with Other Accountants**

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

### **Other Significant Matters, Findings, or Issues**

In the normal course of our professional association with the City, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the City's auditors.

### **Noncompliance with Laws and Regulations (if applicable, if not, delete paragraph)**

We have identified the following matters involving noncompliance with laws and regulations that came to our attention during the course of the audit.

The recreation fund was over budget for the year ended June 30, 2025.

### **Other Information Included in Annual Reports**

Pursuant to professional standards, our responsibility as auditors for other information whether financial or nonfinancial, included in the City's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to obtain assurance about such other information. However, in accordance with such standards, we have:

Read the other information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the City Council, and management of the City and is not intended to be, and should not be, used by anyone other than these specified parties.

*Eide Bailly LLP*

Salt Lake City, Utah

# Schedule of Audit Adjustments

Adjusting Journal Entries JE # 2			
Entry to adjust the Fire Truck loan Liability (Journal# 806082)			
	61-6100-3610-4382000000	Fire Truck Account EB	11,937.00
	61-6110-0000-2127500000	Lease Liability - LT	157,949.00
	61-6110-0000-2117500000	Lease Liability - Current	5,856.00
	61-6110-3620-4377220000	Ladder Lease Payment	164,030.00
<b>Total</b>			<b><u>169,886.00</u></b> <b><u>169,886.00</u></b>
Adjusting Journal Entries JE # 3			
Entry to fix depreciation expense.			
	54-5400-4421-4200000000	Depreciation	29,494.00
	56-5600-4511-4200000000	Depreciation	185,907.00
	54-5400-4421-4341611000	Fleet Purchases	29,494.00
	56-5600-4512-4373000000	Building Improvements	185,907.00
<b>Total</b>			<b><u>215,401.00</u></b> <b><u>215,401.00</u></b>
Adjusting Journal Entries JE # 5			
Entry to correct compensated absences computation error related to prior year.			
	67-6710-0000-3182420000	Payroll Mgt Charges - Vacation Accrual	37,772.00
	67-6710-0000-2112200000	Compensated Absences Pay.	37,772.00
<b>Total</b>			<b><u>37,772.00</u></b> <b><u>37,772.00</u></b>
Adjusting Journal Entries JE # 6			
Correct lease income in CY as lease rent received near year-end of FY25 related to FY26.			
	01-0001-4200-3162108000	Verizon Cell Tower Lease	52,795.00
	01-0001-0000-1149000000	Miscellaneous Receivables	52,795.00
<b>Total</b>			<b><u>52,795.00</u></b> <b><u>52,795.00</u></b>
Adjusting Journal Entries JE # 8			
JE#:251217GJ - Remove FY26 Storm Water Expense from FY25			
	28-2810-0000-2111100000	Estimated Payables	30,796.00
	82-8200-0000-1621600000	Storm Water Improvements	770.00
	82-8200-0000-2766000000	Storm Water	30,796.00
	82-8200-0000-2898000000	Unreserved Fund Balance	770.00
	28-2810-6610-4370000000	CMP Replacement	30,796.00
	82-8200-0000-1611600000	Storm Water Improvements	30,796.00
	82-8200-0000-2769000000	Accumulated Depreciation	770.00
	82-8200-0000-4200000000	Depreciation	770.00
<b>Total</b>			<b><u>63,132.00</u></b> <b><u>63,132.00</u></b>
Adjusting Journal Entries JE # 12			
To remove training from Workday capitalization			
	64-6410-1724-4374000000	Wireless Network Radios	56,965.00
	64-6410-0000-1630000000	Construction in Progress	56,965.00
<b>Total</b>			<b><u>56,965.00</u></b> <b><u>56,965.00</u></b>
Adjusting Journal Entries JE # 14			
Reduce construction in progress by amount that was already capitalized in PY			
	82-8200-0000-2763000000	Capital Project Funds	3,246,498.00
	82-8200-0000-1630000000	Construction in Progress	3,246,498.00
<b>Total</b>			<b><u>3,246,498.00</u></b> <b><u>3,246,498.00</u></b>
Adjusting Journal Entries JE # 16			
To record Workday SBITA entry			
	64-6400-0000-1612400000	Subscription IT Assets	2,436,830.00
	64-6400-0000-2129930000	SBITA Liability	85,000.00
	64-6400-1724-4382000000	Interest	50,000.00
	64-6400-1724-4382000000	Interest	36,577.00
	64-6400-0000-2113910000	Accrued Interest Payable	36,577.00
	64-6400-0000-2119930000	Current SBITA liability	85,000.00
	64-6400-0000-2129930000	SBITA Liability	2,436,830.00
	64-6400-1724-4131310000	Lease Expense - Expense for period 13 er	50,000.00
<b>Total</b>			<b><u>2,608,407.00</u></b> <b><u>2,608,407.00</u></b>

## Schedule of Audit Adjustments (continued)

Adjusting Journal Entries JE # 17			
To record Crown Castle Cell Tower Lessor Entry			
01-0001-0000-1139100000	Accrued lease interest receivable	340.00	
01-0001-0000-1149210000	Current lease receivable	53,817.00	
01-0001-0000-1149210000	Current lease receivable	53,817.00	
01-0001-0000-1149220000	Lease receivable	122,815.00	
01-0001-0000-2118920000	Deferred inflow related to leases	4,517.00	
01-0001-0000-3162000000	Leases	60,188.00	
01-0001-0000-1149210000	Current lease receivable		53,817.00
01-0001-0000-1149220000	Lease receivable		53,817.00
01-0001-0000-2118920000	Deferred inflow related to leases		176,632.00
01-0001-0000-3161130000	Lease Revenue (GASB 87)		6,371.00
01-0001-0000-3161130000	Lease Revenue (GASB 87)		340.00
01-0001-0000-3162000000	Leases		4,517.00
<b>Total</b>		<b>295,494.00</b>	<b>295,494.00</b>
Adjusting Journal Entries JE # 19			
Entry to move Workday CIP to SBITA			
64-6400-0000-1612400000	Subscription IT Assets	1,100,000.00	
64-6410-0000-1630000000	Construction in Progress		1,100,000.00
<b>Total</b>		<b>1,100,000.00</b>	<b>1,100,000.00</b>
Adjusting Journal Entries JE # 23			
To correct fund balance (transfer in was incorrectly coded to equity)			
67-6730-0000-2798000000	Unreserved Retained Earnings	1,339,323.00	
67-6710-0000-3411000000	Transfer In - General Fund		1,339,323.00
<b>Total</b>		<b>1,339,323.00</b>	<b>1,339,323.00</b>
Adjusting Journal Entries JE # 24			
Correction of PY error in payroll liability			
01-0001-0000-4416710000	Transfer Out - Payroll Management	1,339,323.00	
01-0001-0000-2898000000	Unreserved Fund Balance		1,339,323.00
<b>Total</b>		<b>1,339,323.00</b>	<b>1,339,323.00</b>