

CITY OF HOLLADAY

FINANCIAL STATEMENTS, SUPPLEMENTARY
INFORMATION AND REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

JUNE 30, 2015

Osborne, Robbins & Buhler, PLLC

CITY OF HOLLADAY

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OSBORNE, ROBBINS & BUHLER, P.L.L.C. Certified Public Accountants

4527 SOUTH 2300 EAST, SUITE 201 • SALT LAKE CITY, UTAH 84117-4446 • PHONE: 308-0220 • FAX: 274-8589

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
City of Holladay

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Holladay (the City) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of Holladay as of June 30, 2015, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund and the Redevelopment Agency for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Required Supplementary Information – Pensions on pages 3 through 12 and 46 through 48 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

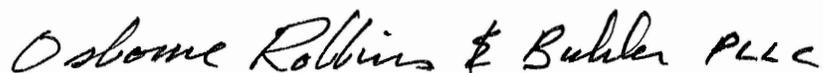
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund schedules are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters.

The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



November 18, 2015

City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015

As management of the City of Holladay (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2015. Please read it in conjunction with the City's financial statements which begin on page 14.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$29,655,577 (\$27,849,285 in 2014) (*net position*), consisting of \$27,564,027 (\$26,077,184 in 2014) net investment in capital assets, \$3,067,694 (\$3,158,180 in 2014) in restricted net position and an unrestricted deficit of \$976,144 in 2015 (\$1,386,079 in 2014).
- The City's net position increased during 2015 by \$1,806,292 and increased by \$1,174,198 in 2014. The increase in 2015 was in spite of the \$485,209 prior period adjustment made in accordance with the requirements of GASB Statement No. 68, "Accounting and Financial Reporting for Pensions" which the City adopted effective July 1, 2014. Exclusive of the prior period adjustment, the City's net position increased by \$2,291,501, due to a combined increase in revenues and decrease in expenses during the year ended June 30, 2015.
- The City's governmental funds reported combined fund balances of \$6,958,759 (\$6,960,457 in 2014). \$8,497,490 (\$8,578,898 in 2014) is restricted as to use, leaving a deficit in unassigned fund balance of \$1,538,731 (\$1,618,441 in 2014) which is an increase in the deficit from 2014 of \$79,710.
- The Redevelopment Agency issued \$3,333,000 in tax increment refunding bonds, reducing the overall remaining debt service on the outstanding 2006 tax increment bonds by approximately \$492,000.

Overview of the Financial Statements

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

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 position presents information on all the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015

All of the City's functions are principally supported by taxes and intergovernmental revenues (governmental activities). The City has no functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the City include general government, public safety, community development, streets and highways, parks, recreation and culture.

The government-wide financial statements can be found on pages 14-15 of this report.

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 functions or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are categorized as governmental funds.

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike 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. Such information may be useful in evaluating a government's near-term financing requirements.

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 governmental 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital projects fund, the redevelopment agency, and the general debt service fund, all of which are considered to be major funds. The redevelopment agency debt service fund is the only nonmajor fund of the City.

The City adopts an annual appropriated budget for its general fund and the redevelopment agency. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

The governmental fund financial statements can be found on pages 16-17 of this report.

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 can be found on pages 19-44 of this report.

Required Supplementary Information. Information regarding pensions can be found on pages 46-48.

Other information. Individual fund schedules can be found on pages 50-54 of this report.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$29,655,577 at the close of the most recent year (\$27,849,285 as of June 30, 2014.)

As of June 30, 2015, \$27,564,027 (\$26,077,184 as of June 30, 2014) of the City's net position reflects its net investment in capital assets (e.g. land, improvements, machinery, equipment, vehicles, and infrastructure assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	City of Holladay Net Position	
	2015	2014
Current and other assets	\$ 14,508,848	\$ 12,442,387
Capital assets	40,131,103	39,917,958
Total assets	<u>\$ 54,639,951</u>	<u>\$ 52,360,345</u>
Deferred outflows of resources	<u>\$ 297,196</u>	<u>\$ 79,211</u>
Long-term liabilities outstanding	\$ 17,420,534	\$ 18,922,877
Other liabilities	1,007,002	377,894
Total liabilities	<u>\$ 18,427,536</u>	<u>\$ 19,300,771</u>
Deferred inflows of resources	<u>\$ 6,854,034</u>	<u>\$ 5,289,500</u>
Net position:		
Net investment in capital assets	\$ 27,564,027	\$ 26,077,184
Restricted	3,067,694	3,158,180
Unrestricted	<u>(976,144)</u>	<u>(1,386,079)</u>
Total net position	<u>\$ 29,655,577</u>	<u>\$ 27,849,285</u>

A portion of the City's net position (\$3,067,694 in 2015 and \$3,158,180 in 2014) represents resources that are subject to external restrictions on how they may be used. *Unrestricted net position* represents net position which may be used to meet the government's ongoing obligations to citizens and creditors as cash is made available through the collection of taxes and other receivables. As of June 30, 2015 the City has a deficit unrestricted net position of \$976,144(\$1,386,079 in 2014).

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

Governmental activities.

Governmental activities increased the City's net position by \$1,806,292. Key elements in the change in net position include:

- As mentioned the City's net position was reduced by \$485,209 due to a prior period adjustment made to adopt the requirements of GASB Statement No. 68.
- There was an increase in general revenues of approximately \$375,000 during the current fiscal year due in part to the annexation of the Olympus Hills area into the City and in part to typical increases in sales and franchise taxes.
- Program revenues increased over 2014 by approximately \$246,000, with the largest increase related to Class C Road Fund revenues, along with approximately \$224,000 in grants from the State for bike trails and water conservation projects.
- Expenses decreased from 2014 by over \$500,000. The City performed a lot of maintenance on its streets during 2014, and in 2015 expenditures of that nature returned to more typical levels.

City of Holladay
Changes in Net Position

	<u>2015</u>	<u>2014</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,899,069	\$ 1,913,538
Operating grants and contributions	986,532	931,851
Capital grants and contributions	560,050	360,651
General revenues:		
Property taxes	5,288,135	5,197,229
Other taxes	6,274,611	5,878,868
Other	324,730	436,202
Total revenues	<u>15,333,127</u>	<u>14,718,339</u>
Expenses:		
General government	2,868,718	2,784,931
Public safety	6,287,796	5,785,140
Community development	1,308,857	1,265,916
Streets and highways	1,360,789	2,453,567
Parks, recreation, and culture	512,286	593,230
Interest on long-term debt	703,180	661,357
Total expenses	<u>13,041,626</u>	<u>13,544,141</u>
Change in net position	2,291,501	1,174,198
Net position, beginning, as previously reported	27,849,285	26,675,087
Prior period adjustment	<u>(485,209)</u>	<u>-</u>
Net position, beginning, as restated	<u>27,364,076</u>	<u>26,675,087</u>
Net position, ending	<u>\$ 29,655,577</u>	<u>\$ 27,849,285</u>

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the 2015 fiscal year, the City's governmental funds reported combined ending fund balance of \$6,958,759 (\$6,960,457 in 2014). In 2015 the City showed a combined deficit in unassigned fund balance of \$1,538,731, compared to a combined deficit of \$1,618,441 in 2014, for an overall decrease to the combined deficit in 2015 of \$79,710. The combined deficit is primarily associated with the Redevelopment Agency fund balance, which reports an unassigned deficit of \$4,904,238 which has arisen primarily from expenditures related to development. In 2000 an interfund note payable to the capital projects fund was issued to fund these expenditures. As development projects are finished, the increased value of the property within the development areas will generate additional tax revenues that are expected to decrease the deficit. The general fund, the capital projects fund and the general debt service fund all show positive amounts in assigned and unassigned fund balance which is available for spending at the government's discretion. \$4,797,490 of total fund balance consists of restricted fund balance which is not available for new spending because it has already been committed 1) to liquidate contracts of the prior period, 2) to pay debt service, 3) to pay capital improvement commitments, 4) or for a variety of other restricted purposes.

The general fund is the chief operating fund of the City. At the end of the 2015 fiscal year, fund balance of the general fund was \$3,365,507, all of which was unassigned (\$3,141,467 in 2014). Revenues and expenditures remained relatively consistent as compared to 2014 with some increases in tax revenues and also an increase in expenditures related to public safety. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 32.3% of total general fund expenditures (31.7% in 2014).

At the end of fiscal year 2015, the capital projects fund had a total fund balance of \$4,774,300 (\$4,794,401 in 2014), which consisted of \$1,074,300 in assigned fund balance, and \$3,700,000 in nonspendable and restricted fund balance. Major capital outlay expenditures included approximately \$793,000 in improvements to the parks and ball fields around City Hall, and approximately \$500,000 in improvements to streets, curbs and gutters.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

General Fund Budgetary Highlights

During the fiscal year, the General Fund's budget was amended from an original expenditure budget of \$10,425,794 to a final budget of \$11,023,530, an increase of \$597,736. This increase was related primarily to budgeting for increased public safety expenditures as well as some increased community development and streets and highways expenditures. The increase was funded from additional budgeted taxes and intergovernmental revenues arising from a newly annexed area within the City.

Actual expenditures in the General Fund were less than the amended budget by \$603,876.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2015 amounts to \$40,131,103, net of accumulated depreciation (\$39,917,958 in 2014). This investment in capital assets includes land, buildings and structures, improvements including infrastructure, machinery, equipment, vehicles, and office furniture and equipment.

Major capital asset events during the current fiscal year include the following:

- City Hall Park – Approximately \$575,000 in costs related to improvements to the City Hall Park with the entire project being completed during the year.
- Water Conservation Project and Ball Fields – The City incurred approximately \$218,000 in costs related to ball fields near City Hall which were part of a larger water conservation and drainage system project.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

City of Holladay Capital Assets (net of depreciation)		
	2015	2014
Land	\$ 8,282,736	\$ 8,282,736
Construction in progress	80,559	1,124,762
Buildings and structures	20,993,925	21,613,667
Improvements, including infrastructure	10,083,416	8,134,867
Machinery, equipment, and vehicles	675,049	744,544
Office furniture and equipment	15,418	17,382
Total	\$ 40,131,103	\$ 39,917,958

Additional information on the City's capital assets can be found in Note F on page 30 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$15,573,259 consisting of \$3,333,000 in tax increment debt and \$12,240,259 in sales tax revenue bonds secured by Class C road funds and sales tax revenues. The City also has outstanding a note payable to Salt Lake County which funded some development expenditures and which had a balance at June 30, 2015 of \$450,000. During 2014, the City also entered into a capital lease agreement with a bank for the purchase of land within the City. The lease has an outstanding principal balance of \$848,503 at June 30, 2015.

As of June 30, 2015, the City had a net pension liability totaling \$454,374. The net pension liability was included in the City's financial statements for the first time as of June 30, 2015 in accordance with the requirements of GASB Statement No. 68, which as noted earlier, was adopted by the City effective July 1, 2014. As of June 30, 2014, the Utah Retirement Systems had calculated the net pension liability to be \$564,695

During 2015, the City issued \$3,333,000 in Tax Increment Refunding Bonds to refinance Tax Increment Bonds that were issued in 2006. This resulted in a reduction of approximately \$485,000 in future debt service payments, which represented a net present value (or economic gain) of approximately \$219,000.

The City's bond rating was reviewed in October 2011 in connection with the issuance of refunding and revenue bonds. It received a "AA" rating from Standard and Poor's on its 2011 Sales Tax Revenue and Refunding Bonds. This is the same rating the City received when it issued its 2008 Sales Tax Bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 4% of the taxable value of property within the City. The current limitation for the City is approximately \$105,000,000 and the City currently has no general obligation debt.

Additional information on the City's long-term debt can be found in Note G on pages 31-33 of this report.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

Economic Factors and Next Year's Budgets and Rates

In 2015, the City of Holladay will mark its sixteenth anniversary as an incorporated municipality. Located just 10 miles south of Salt Lake City, in the foothills of the Wasatch Mountains, Holladay offers easy access to the metropolitan region and nearby canyons. It abuts US Forest Service land and is well known for its heavily wooded areas of century old trees. Of the 31,000 people that reside in Holladay's 8 square miles, about 25% are under the age of 18 and 17% are over the age of 65. The citizens are educated and active in the community. About 73% of households are homeowners in established neighborhoods. The City has accomplished many things over the past 15 years that will prepare it for the next decade and beyond.

-New municipal buildings add value. The City has significantly added to its net worth with the purchase and remodeling of the former Holladay Elementary School into the new Holladay City Hall that serves as the administration, courts, and police station facilities. The City also constructed a new fire station and new public works building at a shared, centralized site. Holladay also recently purchased property near its southern border, as a potential site for a future, second fire station.

-Growing population from primarily new annexations. When the City first incorporated in 1999, the population estimate was approximately 14,000. Now, after several annexations, the City's population has reached almost 31,000. The most recent Olympus Hills annexation has been a very positive addition and will increase sales and property tax receipts.

-Tradition of fiscal conservatism and cost conscious operational practices. The City has a small and efficient group of dedicated staff members that continue to provide city services at a high level of service and quality. Additional staff may be needed as programs and services expand to serve a larger population. The City negotiates some of the lowest rates for law enforcement and fire protection services in the Salt Lake Valley, but contract costs for these essential services continue to rise. The Holladay City Council and staff remain committed to finding ways to make tax dollars go further without a need for increasing taxes.

-Residency appeal and rise in the building of new homes. The City has many positive features that have solidified its future as a highly desirable place to live in the Salt Lake Valley. With easy access to downtown Salt Lake City, the University of Utah, the southern area of the Salt Lake Valley, and nearby canyons, the City is an enviable area where home values remain strong and the demand to build new homes is on the rise. Over the past few years, markedly high in 2015, the City has seen a substantial increase in requests for building permits. A large portion of new residential construction occurs as infill development or buying existing home lots and then combining the property to build several new homes. This practice will likely continue as large, undeveloped sites are difficult to acquire and rare to find in Holladay.

-Stable economic climate. The City was originally incorporated to capture the sales tax being generated by the Cottonwood Mall. Sales Tax peaked in the years 2002 and 2003, started to decline, and reached a low during the national recession. The City's economic climate has since stabilized to pre-2008 recession conditions, as a result of several factors, such as the low vacancy rate for commercial properties. While the City does not have many large spaces to lease, smaller properties are occupied and doing business regularly. The premier Millrock Office Park has risen from \$9.5 million in value to \$131 million in just ten years. Property tax in the City has remained one of the lowest in Salt Lake Valley. Through a MET

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

tax, the City has generated millions of dollars to complete much needed capital improvement work, such as road, sidewalk and storm drain projects.

-Progress on Cottonwood Mall Redevelopment Project. The City continues to work with the site's developer, Howard Hughes Corporation, to realize the transformation of the site into a high-end mixed use location with commercial, residential, entertainment, and restaurants. After the 2008 economic downturn, the original redevelopment plans became unrealistic. The City is working with Howard Hughes Corporation to redesign the site, keeping as much of the original project vision intact. The Howard Hughes Corporation marketing team has put a significant amount of time and effort into this endeavor. Holladay anticipates that construction will begin soon, bringing an influx of sales tax dollars into the local economy and boosting the rise of new and existing local businesses.

-Completion of the Holladay Village Project. The \$40 million Holladay Village and roadway realignment projects are complete. The Holladay Village property is completely leased and the halo effect in the surrounding downtown business district is beginning to take place. The New Olympus Clinic, adjacent to the Holladay Village, opened in October of this year, doubling the square footage of the old clinic and adding a new pharmacy in the building. The new cycle shop building is also nearing completion. In addition, existing businesses have remodeled old buildings with updated store fronts and signage, which adds to the overall look and appeal of the area to patrons and customers.

-Successful efforts to secure more grants and alternate forms of funding. The City continues to receive several grants to help supplement its budget. This has allowed us to move forward on several projects, such as developing City Hall Park, curb and sidewalk projects and additional street paving. The City is pursuing funding requests for millions of dollars for capital projects through programs such as, Salt Lake County: Tourism, Recreation, Cultural and Convention Facilities and the Zoo, Arts, and Parks (ZAP) Recreation Bond. The City also formed a partnership with the Holladay City Foundation, a 501(c)3 nonprofit organization, in a community-wide, grass roots fundraising effort to build a new playground in City Hall Park, which was completed in July 2015.

-Development of new and enhanced parks and trails system underway. As a built-out, established community, the City has limited opportunities for parks and trails development. The City has been working to increase the availability of these amenities to residents. The City has established 3 mini pocket parks (less than 1 acre each) and is working on constructing 2 new neighborhood parks – City Hall Park (6.5 acres) and Knudsen Nature Park (8 acres). The redevelopment of City Hall Park is in its final stages. The City has already constructed a restroom, a beautiful gazebo and commons plaza, and a playground, which is used on a daily basis by hundreds of children. The City is working to acquire grant funds for Knudsen Nature Park, with a target construction year of 2017. The City also updated several existing bicycle routes with enhanced signage and striping with grant funds. These efforts will continue as more money is secured.

In summary, because of the continuation of development, a strong economic base, and a dedicated work force, the City is well equipped for the next decade.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2015**

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Randy Fitts, City Manager, 4580 S 2300 E, Holladay, Utah 84117.

BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
STATEMENT OF NET POSITION
JUNE 30, 2015**

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 3,969,174
RECEIVABLES (NET)	
TAXES	7,772,966
INTERGOVERNMENTAL	327,117
OTHER	4,237
SPECIAL ASSESSMENT	606
RESTRICTED ASSETS	
CASH AND CASH EQUIVALENTS	2,434,748
NON-DEPRECIABLE CAPITAL ASSETS	8,363,295
DEPRECIABLE CAPITAL ASSETS, NET	31,767,808
TOTAL ASSETS	<u>\$ 54,639,951</u>
DEFERRED OUTFLOWS OF RESOURCES	
DEFERRED OUTFLOWS OF RESOURCES RELATING TO PENSIONS	\$ 100,119
REACQUISITION PRICE OF REFUNDED DEBT IN EXCESS OF CARRYING AMOUNT OF OLD DEBT	197,077
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 297,196</u>
LIABILITIES	
ACCOUNTS PAYABLE	\$ 636,348
ACCRUED LIABILITIES	4,947
ACCRUED INTEREST PAYABLE	253,533
PAYABLE FROM RESTRICTED ASSETS	
DEPOSITS	112,174
NON-CURRENT LIABILITIES	
DUE WITHIN ONE YEAR	1,986,063
DUE IN MORE THAN ONE YEAR	
COMPENSATED ABSENCES	23,599
NET PENSION LIABILITY	454,374
NOTE PAYABLE	412,500
CAPITAL LEASE OBLIGATIONS PAYABLE	817,739
BONDS PAYABLE	13,726,259
TOTAL LIABILITIES	<u>\$ 18,427,536</u>
DEFERRED INFLOWS OF RESOURCES	
DEFERRED INFLOWS OF RESOURCES RELATING TO PENSIONS	\$ 58,020
PROPERTY TAXES	6,796,014
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$ 6,854,034</u>
NET POSITION	
NET INVESTMENT IN CAPITAL ASSETS	27,564,027
RESTRICTED FOR	
DEBT SERVICE	2,069,041
COMMUNITY DEVELOPMENT	998,653
UNRESTRICTED (DEFICIT)	(976,144)
TOTAL NET POSITION	<u>\$ 29,655,577</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
JUNE 30, 2015**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES (TOTAL)
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES					
GENERAL GOVERNMENT	\$ 2,868,718	\$ 920,189	\$ -	\$ -	\$ (1,948,529)
PUBLIC SAFETY	6,287,796	-	27,050	49,085	(6,211,661)
COMMUNITY DEVELOPMENT	1,308,857	934,492	37,676	-	(336,689)
STREETS AND HIGHWAYS	1,360,789	44,388	914,306	332,418	(69,677)
PARKS, RECREATION AND CULTURE	512,286	-	7,500	178,547	(326,239)
INTEREST ON LONG-TERM DEBT	703,180	-	-	-	(703,180)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,041,626</u>	<u>\$ 1,899,069</u>	<u>\$ 986,532</u>	<u>\$ 560,050</u>	<u>(9,595,975)</u>
GENERAL REVENUES:					
PROPERTY TAXES 5,288,135					
SALES TAXES 3,727,263					
FRANCHISE TAXES 2,208,486					
TRANSIENT ROOM TAX 85,978					
MOTOR VEHICLE FEES IN LIEU 252,884					
INVESTMENT EARNINGS 35,266					
OTHER 289,464					
TOTAL GENERAL REVENUES <u>11,887,476</u>					
CHANGE IN NET POSITION 2,291,501					
NET POSITION AT BEGINNING OF YEAR, AS PREVIOUSLY REPORTED 27,849,285					
PRIOR PERIOD ADJUSTMENT <u>(485,209)</u>					
NET POSITION AT BEGINNING OF YEAR, AS RESTATED <u>27,364,076</u>					
NET POSITION AT END OF YEAR <u>\$ 29,655,577</u>					

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2015**

**CITY OF HOLLADAY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

	GENERAL	CAPITAL PROJECTS	REDEVELOP- MENT AGENCY (SPECIAL REVENUE)	GENERAL DEBT SERVICE	NONMAJOR GOVERNMENTAL FUND - RE- DEVELOPMENT AGENCY DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS		
ASSETS								
CASH AND CASH EQUIVALENTS	\$ 2,410,510	\$ 1,094,612	\$ 62,089	\$ 401,963	\$ -	\$ 3,969,174	TOTAL GOVERNMENTAL FUND BALANCES	\$ 6,958,759
RECEIVABLES							AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
TAXES	5,388,630	-	2,384,336	-	-	7,772,966	CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	40,131,103
INTERGOVERNMENTAL	177,117	150,000	-	-	-	327,117	DEFERRED OUTFLOWS OF RESOURCES ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND THEREFORE ARE DEFERRED IN THE FUNDS	297,196
OTHER	4,237	-	-	-	-	4,237	LONG-TERM LIABILITIES, INCLUDING BONDS PAYABLE, CONTRACTS PAYABLE AND COMPENSATED ABSENCES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS	(17,420,534)
SPECIAL ASSESSMENT	606	-	-	-	-	606	CERTAIN GOVERNMENTAL REVENUES THAT ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES ARE DEFERRED IN THE FUNDS	606
DUE FROM OTHER FUNDS	267,674	-	-	-	-	267,674	ACTUARIALLY CALCULATED CHANGES TO THE NET PENSION LIABILITY ARE DEFERRED FOR RECOGNITION IN LATER PERIODS	(58,020)
NOTE RECEIVABLE FROM REDEVELOPMENT AGENCY	-	3,700,000	-	-	-	3,700,000	INTEREST PAYABLE ON LONG-TERM OBLIGATIONS DOES NOT REQUIRE CURRENT FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(253,533)
RESTRICTED ASSETS							NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 29,655,577
CASH AND CASH EQUIVALENTS	112,174	-	334,289	1,988,285	-	2,434,748		
TOTAL ASSETS	<u>\$ 8,360,948</u>	<u>\$ 4,944,612</u>	<u>\$ 2,780,714</u>	<u>\$ 2,390,248</u>	<u>\$ -</u>	<u>\$ 18,476,522</u>		
LIABILITIES								
ACCOUNTS PAYABLE	\$ 466,036	\$ 170,312	\$ -	\$ -	\$ -	\$ 636,348		
DUE TO OTHER FUNDS	-	-	267,674	-	-	267,674		
ACCRUED LIABILITIES	4,947	-	-	-	-	4,947		
NOTE PAYABLE TO THE CAPITAL PROJECTS FUND	-	-	3,700,000	-	-	3,700,000		
PAYABLE FROM RESTRICTED ASSETS DEPOSITS	112,174	-	-	-	-	112,174		
TOTAL LIABILITIES	<u>583,157</u>	<u>170,312</u>	<u>3,967,674</u>	<u>-</u>	<u>-</u>	<u>4,721,143</u>		
DEFERRED INFLOWS OF RESOURCES								
TAXES	4,412,284	-	2,384,336	-	-	6,796,620		
FUND BALANCES (DEFICIT)								
NONSPENDABLE	-	3,700,000	-	-	-	3,700,000		
RESTRICTED	-	-	1,332,942	1,988,285	-	3,321,227		
ASSIGNED	-	1,074,300	-	401,963	-	1,476,263		
UNASSIGNED	3,365,507	-	(4,904,238)	-	-	(1,538,731)		
TOTAL FUND BALANCES (DEFICIT)	<u>3,365,507</u>	<u>4,774,300</u>	<u>(3,571,296)</u>	<u>2,390,248</u>	<u>-</u>	<u>6,958,759</u>		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES , AND FUND BALANCES	<u>\$ 8,360,948</u>	<u>\$ 4,944,612</u>	<u>\$ 2,780,714</u>	<u>\$ 2,390,248</u>	<u>\$ -</u>	<u>\$ 18,476,522</u>		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2015**

	GENERAL	CAPITAL PROJECTS	REDEVELOP- MENT AGENCY (SPECIAL REVENUE)	GENERAL DEBT SERVICE	NONMAJOR GOVERNMENTAL FUND - RE- DEVELOPMENT AGENCY DEBT SERVICE	TOTAL GOVERNMENTAL FUNDS
REVENUES						
TAXES (PLEGGED AS SECURITY FOR SALES AND EXCISE TAX BONDS)	\$ 10,366,366	\$ -	\$ 1,196,380	\$ -	\$ -	\$ 11,562,746
LICENSES, FEES AND PERMITS	873,628	186,050	-	-	-	1,059,678
INTERGOVERNMENTAL	986,532	498,651	-	-	-	1,485,183
CHARGES FOR SERVICES	105,670	-	-	-	-	105,670
FINES AND FORFEITURES	920,189	-	-	-	-	920,189
MISCELLANEOUS	127,395	7,400	29,600	-	-	164,395
INTEREST ON INVESTMENTS	12,986	28,020	13,691	8,589	-	63,286
TOTAL REVENUES	13,392,766	720,121	1,239,671	8,589	-	15,361,147
EXPENDITURES						
CURRENT						
GENERAL GOVERNMENT	2,150,681	-	-	-	-	2,150,681
PUBLIC SAFETY	6,143,958	-	-	-	-	6,143,958
COMMUNITY DEVELOPMENT	859,675	-	469,904	-	-	1,329,579
STREETS AND HIGHWAYS	808,928	-	-	-	-	808,928
PARKS, RECREATION AND CULTURE	456,412	-	-	-	-	456,412
CAPITAL OUTLAY	-	1,734,181	-	-	-	1,734,181
DEBT SERVICE	-	-	-	-	-	-
PRINCIPAL	-	-	29,497	1,280,000	450,000	1,759,497
INTEREST	-	-	59,576	459,702	256,852	776,130
BOND ISSUE COSTS	-	-	51,479	-	-	51,479
TOTAL EXPENDITURES	10,419,654	1,734,181	610,456	1,739,702	706,852	15,210,845
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,973,112	(1,014,060)	629,215	(1,731,113)	(706,852)	150,302
OTHER FINANCING SOURCES (USES)						
REFUNDING BONDS ISSUED	-	-	3,333,000	-	-	3,333,000
PAYMENT TO BONDHOLDERS OF REFUNDED BONDS	-	-	-	-	(3,485,000)	(3,485,000)
TRANSFERS IN	-	1,043,187	24,000	1,731,113	4,191,852	6,990,152
TRANSFERS OUT	(2,749,072)	(49,228)	(4,191,852)	-	-	(6,990,152)
TOTAL OTHER FINANCING SOURCES (USES)	(2,749,072)	993,959	(834,852)	1,731,113	706,852	(152,000)
NET CHANGE IN FUND BALANCE	224,040	(20,101)	(205,637)	-	-	(1,698)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	3,141,467	4,794,401	(3,365,659)	2,390,248	-	6,960,457
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 3,365,507	\$ 4,774,300	\$ (3,571,296)	\$ 2,390,248	\$ -	\$ 6,958,759

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2015**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$	(1,698)
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES WHILE GOVERNMENTAL ACTIVITIES REPORT DEPRECIATION EXPENSE TO ALLOCATE THOSE EXPENDITURES OVER THE LIFE OF THE ASSETS: CAPITAL ASSET PURCHASES CAPITALIZED		1,319,243
DEPRECIATION EXPENSE		(1,106,098)
SOME EXPENSES REPORTED IN THE STATEMENT OF ACTIVITIES, SUCH AS COMPENSATED ABSENCES, AND INTEREST, DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED AS EXPENDITURES IN THE GOVERN- MENTAL FUNDS		168,557
REPAYMENT OF BOND AND CONTRACT PRINCIPAL IS AN EXPENDITURE IN THE GOVERNMENTAL FUNDS, BUT THE REPAYMENT REDUCES LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION		5,244,497
PROCEEDS FROM ISSUANCE OF DEBT IS AN OTHER FINANCING SOURCE IN THE GOVERNMENTAL FUNDS, BUT REPRESENTS AN INCREASE TO LONG-TERM LIABILITIES IN THE STATEMENT OF NET POSITION		(3,333,000)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$	2,291,501

**CITY OF HOLLADAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
JUNE 30, 2015**

	GENERAL FUND				REDEVELOPMENT AGENCY			
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			ORIGINAL	FINAL		
REVENUES								
TAXES	\$ 10,122,900	\$ 10,510,422	\$ 10,366,366	\$ (144,056)	\$ 1,135,000	\$ 1,192,336	\$ 1,196,380	\$ 4,044
LICENSES, FEES AND PERMITS	1,380,250	1,393,050	873,628	(519,422)	-	-	-	-
INTERGOVERNMENTAL	969,400	1,037,842	986,532	(51,310)	-	-	-	-
CHARGES FOR SERVICE	45,000	67,270	105,670	38,400	-	-	-	-
FINES AND FORFEITURES	923,000	925,500	920,189	(5,311)	-	-	-	-
MISCELLANEOUS	67,161	133,011	127,395	(5,616)	43,200	43,200	29,600	(13,600)
INTEREST ON INVESTMENTS	17,500	17,500	12,986	(4,514)	2,300	2,300	13,691	11,391
TOTAL REVENUES	13,525,211	14,084,595	13,392,766	(691,829)	1,180,500	1,237,836	1,239,671	1,835
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	2,278,052	2,278,052	2,150,681	127,371	-	-	-	-
PUBLIC SAFETY	5,992,384	6,369,220	6,143,958	225,262	-	-	-	-
COMMUNITY DEVELOPMENT	862,380	929,380	859,675	69,705	603,763	603,710	469,904	133,806
STREETS AND HIGHWAYS	781,875	917,875	808,928	108,947	-	-	-	-
PARKS, RECREATION AND CULTURE	511,103	529,003	456,412	72,591	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-
DEBT SERVICE - PRINCIPAL	-	-	-	-	61,000	29,497	29,497	-
DEBT SERVICE - INTEREST	-	-	-	-	-	31,556	59,576	(28,020)
BOND ISSUANCE COSTS	-	-	-	-	-	51,479	51,479	-
TOTAL EXPENDITURES	10,425,794	11,023,530	10,419,654	603,876	664,763	716,242	610,456	105,786
EXCESS OF REVENUES OVER EXPENDITURES	3,099,417	3,061,065	2,973,112	(87,953)	515,737	521,594	629,215	107,621
OTHER FINANCING USES								
PROCEEDS FROM ISSUANCE OF CAPITAL LEASE	-	-	-	-	-	3,333,000	3,333,000	-
TRANSFERS IN	-	-	-	-	24,000	24,000	24,000	-
TRANSFERS OUT	(3,099,417)	(3,061,065)	(2,749,072)	311,993	(642,815)	(3,981,672)	(4,191,852)	(210,180)
TOTAL OTHER FINANCING USES	(3,099,417)	(3,061,065)	(2,749,072)	311,993	(618,815)	(624,672)	(834,852)	(210,180)
NET CHANGE IN FUND BALANCE	-	-	224,040	224,040	(103,078)	(103,078)	(205,637)	(102,559)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	3,141,467	3,141,467	3,141,467	-	(3,365,659)	(3,365,659)	(3,365,659)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 3,141,467	\$ 3,141,467	\$ 3,365,507	\$ 224,040	\$ (3,468,737)	\$ (3,468,737)	\$ (3,571,296)	\$ (102,559)

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City was incorporated under the laws of the State of Utah in November 1999 and operates under an elected Council-Manager form of government. The City's major operations include police and fire protection, parks, public works, community development and general administrative services.

The City's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

Reporting Entity

These financial statements present the City (primary government) and its component units, organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City. Blended component units, although legal separate entities are, in substance, part of the City's operations and data from these units are combined with data of the City.

The City's only blended component unit is the Holladay City Redevelopment Agency (RDA). The RDA serves all the citizens of the City and is governed by a board comprised of the City Council. In conformity with generally accepted accounting principles, the financial statements of the RDA have been included in the financial reporting entity as a special revenue fund. The RDA has a June 30 year end. Separate financial statements are not issued for the RDA.

The City did not have any other component units as of June 30, 2015.

Basic Financial Statements – Government-Wide Statements

The City's basic financial statements include both government-wide (reporting the City as a whole) and fund financial statements (reporting the City's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The City's police and fire protection, parks, streets, community development and general administrative services are classified as governmental activities. The City has no business-type activities as of June 30, 2015.

The government-wide Statement of Net Position is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The City's net position is reported in three parts – net investment in capital assets, restricted net position, and unrestricted net position. The City first utilizes restricted resources to finance qualifying activities.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The government-wide Statement of Activities reports both the gross and net cost of each of the City's functions (public safety, community development, streets, etc.). The functions are also supported by general government revenues (property, sales and franchise taxes, permits and charges, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function or business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (property, sales and franchise taxes, etc.).

The City does not allocate indirect expenses.

Certain eliminations have been made as prescribed by GAAP in regards to interfund activities, payables and receivables. All internal balances, except for interfund advances, in the Statement of Net Position have been eliminated.

The government-wide statements focus on the sustainability of the City in its entirety and the change in the City's net position resulting from current year activities.

Basic Financial Statements – Fund Financial Statements

The financial transactions of the City are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures, or expenses, as appropriate.

The only fund types used by the City are governmental funds.

The focus of the governmental funds' measurement (in the fund financial statements) is upon determination of financial sources, uses and balances of financial resources, rather than upon net income.

The following is a description of the governmental funds of the City:

- **General fund** is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- **Capital projects funds** are used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- **Special revenue funds** are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.
- **Debt service funds** are used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The City has four major governmental funds – the General Fund, the Capital Projects Fund, the General Debt Service Fund, and the Special Revenue Redevelopment Agency Fund which is used to account for revenues generated by development projects overseen by the Redevelopment Agency of the City of Holladay.

Basis of Accounting

Basis of accounting refers to the point at which revenues and expenditures, or expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made, regardless of the measurement focus applied.

Accrual

The government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under this basis, revenues are recognized when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, 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.

Cash and cash equivalents

The City has defined cash and cash equivalents to include cash on hand, demand deposits, cash with fiscal agents and short-term investments with original maturity of three months or less from the date of acquisition.

Restricted cash and cash equivalents

Certain restricted cash and cash equivalents are held for debt service, capital projects and for bonds payable to developers.

Receivables

Receivables consist primarily of taxes, amounts due from other governmental entities and miscellaneous other items. An allowance for doubtful accounts is not considered necessary as of June 30, 2015.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital assets

Capital assets purchased or acquired with an original cost of \$5,000 or more are reported at historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized.

Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on these assets is computed using the straight-line method over their estimated useful lives as follows:

	<u>Years</u>
Buildings and Structures	40
Improvements	15
Infrastructure	30
Machinery, equipment, and vehicles	5-10
Office furniture and equipment	5-10

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is reported on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is reported in the year in which the resources are measurable and become available.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, grants and donations. Revenue from property taxes is recognized in the year which the taxes are collected because the property taxes are intended to fund activities in the year of collection and not the fiscal year in which they were levied. Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, matching requirements and expenditure requirements. On a modified accrual basis, revenue from a nonexchange transaction must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year end: intergovernmental revenue, sales and franchise taxes, charges for services, interest, and other fees.

Property taxes are measurable and susceptible to accrual when they attach as an enforceable lien on the property. They become available when they are due. Amounts that are measurable but not available are recorded as deferred revenue. Property taxes become an enforceable lien on January 1 but are not due until November 30.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Compensated Absences

Accumulated unpaid leave is accrued as incurred based on the years of service for each employee. Time off with pay is accumulated on a monthly basis and is fully vested when earned. Accumulated time off with pay cannot exceed 240 hours at the end of any fiscal year and any time off with pay in excess of this amount is forfeited. At retirement, death, or termination, all unpaid accrued time off with pay is paid to the beneficiary. Governmental funds report an expenditure as the vacation is paid or at termination. The current portion is determined by the City to be the portion of vacation pay due employees who terminated prior to year-end.

The noncurrent portion of these amounts (the amount estimated to be used in subsequent fiscal years) for governmental funds is maintained separately and represents a reconciling item between the fund and government-wide presentations.

Interfund Activity

Interfund activity is reported as either loans, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and in the government-wide statement of activities, reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Fund Equity

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

Nonspendable fund balance. This classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional or enabling legislation.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Committed fund balance. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the city council – the City’s highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the city council removes the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance. This classification reflects the amounts constrained by the City’s “intent” to be used for specific purposes, but are neither restricted nor committed. The city council and the city manager have the authority to assign amounts to be used for specific purposes.

Unassigned fund balance. This fund balance is the residual classification for the General Fund.

When both restricted and non-restricted fund balances are available for use, it is the City’s policy to use restricted fund balance first, then non-restricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those non-restricted fund balance classifications can be used.

Estimates and assumptions

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

Budgets and budgetary control

Annual budgets are prepared and adopted, 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 and the Capital Projects Fund. The level of the City's budgetary control (that is, the level at which the City's expenditures cannot legally exceed the appropriated amounts) is established by activity and purpose within an individual fund. Each department head is responsible to the Mayor and City Council for spending within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unrestricted General Fund balance until it exceeds 5% of the General Fund revenues. Until unreserved fund balance is greater than the above amount, it cannot be budgeted, but is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. When unreserved fund balance is greater than 25% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Once adopted, the budget can be amended by subsequent City Council action. The City Council can amend the budget to any extent, provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held to increase total appropriations of any governmental fund. 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.

Budgetary information included in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual for the General Fund and the Redevelopment Agency are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

Subsequent Events

Management has evaluated subsequent events through November 18, 2015, the date the financial statements were available to be issued.

NOTE B – DEPOSITS AND INVESTMENTS

The City's deposits and investments are governed by the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) and rules of the State of Utah Money Management Council.

Custodial Credit Risk – Deposits

The custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The Money Management Act requires deposits be in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of federal government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

The deposits in the bank in excess of the insured amounts are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. The deposits for the City at June 30, 2015 were \$1,086,775, and the bank balance was \$837,535 (\$339,129 of which was exposed to custodial credit risk as uninsured and uncollateralized) with the difference being outstanding checks and deposits.

Investments

The Money Management Act defines the types of securities authorized as appropriate investments and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities.

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The City’s investments at June 30, 2015 are presented below:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 5,317,147	\$ 5,317,147	\$ -	\$ -	\$ -

Interest Rate Risk – Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The City’s policy for managing interest rate risk is to comply with the State’s Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers’ acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270-365 days or less. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding two years.

Credit Risk of Debt Securities

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City follows the Money Management Act as previously discussed as its policy for reducing exposure to investment credit risk. The City’s rated debt investments are presented below:

<u>Rated Debt Investments</u>	<u>Fair Value</u>	<u>Investment Maturities (in years)</u>			
		<u>AAA</u>	<u>AA</u>	<u>A</u>	<u>Unrated</u>
<u>Debt Securities</u>					
Utah Public Treasurer's Investment Fund	\$ 5,317,147	\$ -	\$ -	\$ -	\$ 5,317,147

Custodial Credit Risk – Investments

Custodial credit risk for investments is the risk that, in the event of a failure of the counter party, the City will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party. The City does not have a formal policy for custodial credit risk.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the City's investments at June 30, 2015 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to custodial credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

Concentration of Credit Risk – Investments

Concentration of credit risk is the risk of a loss attributed to the magnitude of a government's investment in a single issuer.

The City's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending upon the total dollar amount held in the portfolio. The Money Management Council limitations do not apply to securities issued by the U.S. government and its agencies.

All of the City's investments at June 30, 2015 were with the Utah Public Treasurer's Investment Fund and therefore are not categorized as to concentration of credit risk. Additional information regarding the Utah Public Treasurer's Investment Fund is available at Note C.

NOTE C – EXTERNAL INVESTMENT POOL

The City invests in the Public Treasurer's Investment Fund (PTIF) which is an external investment pool administered by Utah State Public Treasurer. State agencies, municipalities, counties, and local governments within the State of Utah are allowed to invest in the PTIF. There is no required participation and no minimum balance or minimum/maximum transaction requirements.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Chapter 51-7, Utah Code Annotated, 1953, as amended. The Act establishes the Money Management Council which oversees the activities of the State Treasurer and the PTIF. The Act details the investments that are authorized which are high-grade securities and, therefore, there is very little credit risk except in the most unusual and unforeseen circumstances. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah and participants share proportionally in any realized gains or losses on investments.

The PTIF allocates income and issues statements on a monthly basis. The PTIF operates and reports to participants on an amortized cost basis. The participants' balance is their investment deposited in the PTIF plus their share of income, gains and losses, net of administration fees, which are allocated to each participant on the ratio of each participant's share to the total funds in the PTIF.

Twice a year, at June 30 and December 31, the investments are valued at fair value to enable participants to adjust their investments in this pool at fair value. The Bank of New York and the State of Utah separately determine each security's fair value in accordance with GASB 31 (i.e. for almost all pool investments the quoted market price as of June 30, 2015) and then compare those values to come up with an agreed upon fair value of the securities.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE C – EXTERNAL INVESTMENT POOL – CONTINUED

As of June 30, 2015, the City had \$5,317,147 invested in the PTIF which had a fair value of \$5,343,522 for a gain of \$26,375. Due to the insignificance of this amount in relation to the funds affected by the unrealized gain, the fair value of investments in this external investment pool is deemed to be the amortized cost of the investment. The table below shows statistical information about the investment pool:

<u>Investment Type</u>	<u>Investment Percentage</u>
Corporate bonds and notes	88.92%
Certificates of deposit	2.35%
Money Market Accounts	4.49%
Commercial Paper	4.24%
	<u>100.00%</u>

NOTE D – RESTRICTED ASSETS AND FUND BALANCE

Cash and cash equivalents have been restricted as of June 30, 2015 for the following purposes and amounts as required by the provisions of the City’s various bond resolutions and other restrictions:

	<u>Restricted Cash and Cash Equivalents</u>	<u>Reported as part of:</u>	
		<u>Restricted Fund Balance</u>	<u>Liabilities Payable From Restricted Assets</u>
Tax increment bonds			
Debt service reserve	\$ 333,386	\$ 333,386	\$ -
Current debt service	1,065	1,065	-
Sales tax bonds			
Debt service reserve	907,065	907,065	-
Current debt service	1,081,058	1,081,058	-
Deposits	112,174	-	112,174
Tax increment revenues restricted for use in housing projects	-	998,653	-
	<u>\$ 2,434,748</u>	<u>\$ 3,321,227</u>	<u>\$ 112,174</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE E – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following at June 30, 2015:

Unrestricted - expended prior to June 30, 2015	
Class C road revenues due from the State of Utah for the quarter ended June 30, 2015	\$ 177,117
Class C road funds due from Salt Lake County related to a newly annexed part of the City that was formerly part of unincorporated Salt Lake County	<u>150,000</u>
	<u>\$ 327,117</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2015 is as follows:

	July 1, 2014	Increases	Decreases	June 30, 2015
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 8,282,736	\$ -	\$ -	\$ 8,282,736
Construction in progress	1,124,762	999,602	2,043,805	80,559
Total nondepreciable capital assets	<u>\$ 9,407,498</u>	<u>\$ 999,602</u>	<u>\$ 2,043,805</u>	<u>\$ 8,363,295</u>
Depreciable capital assets:				
Buildings and structures	\$ 24,151,486	\$ -	\$ -	\$ 24,151,486
Improvements, including infrastructure	10,333,755	2,342,971	-	12,676,726
Machinery, equipment and vehicles	1,271,933	20,475	-	1,292,408
Office furniture and equipment	507,929	-	-	507,929
Total depreciable capital assets at historical cost	<u>36,265,103</u>	<u>2,363,446</u>	<u>-</u>	<u>38,628,549</u>
Less accumulated depreciation:				
Buildings and structures	2,537,819	619,742	-	3,157,561
Improvements, including infrastructure	2,198,888	394,422	-	2,593,310
Machinery, equipment and vehicles	527,389	89,970	-	617,359
Office furniture and equipment	490,547	1,964	-	492,511
Total accumulated depreciation	<u>5,754,643</u>	<u>1,106,098</u>	<u>-</u>	<u>6,860,741</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 30,510,460</u>	<u>\$ 1,257,348</u>	<u>\$ -</u>	<u>\$ 31,767,808</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 762,452
Public safety	128,543
Streets and highways, including infrastructure	153,695
Parks, recreation and culture	61,408
	<u>\$ 1,106,098</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2015:

Governmental activities

2011 Sales Tax Revenue Bonds	
\$8,935,000 sales tax term bonds due serially through November 15, 2031 with interest ranging from 2.5% to 3.75%	\$ 8,045,836
2008 Sales Tax Revenue Bonds	
\$9,025,000 sales tax revenue bonds due serially through October 1, 2018 with interest ranging from 4.0% to 5.0%	4,194,423
2015 Tax Increment Revenue Refunding Bonds	
\$3,333,000 tax increment term bonds due serially through December 30, 2020 with interest at 2.5%	3,333,000
Capital lease obligation	
Lease/purchase agreement with a bank payable in semi-annual installments of \$30,526 with interest at 4.25% through 2024 and variable from 2025 through maturity in 2034.	848,503
Note payable	
Noninterest bearing note payable to Salt Lake County, payable in annual installments of \$37,500 beginning in 2017 with a final balloon payment of \$112,500 in 2026.	450,000
Net pension liability	454,374
Compensated absences	94,398
	<u>\$ 17,420,534</u>
Total Governmental activities long-term debt	

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2015:

	Balance July 1, 2014	Additions	Deletions	Balance June 30, 2015	Current Amounts due
Sales Tax Bonds	\$ 13,566,265	\$ -	\$ 1,326,006	\$ 12,240,259	\$ 1,340,000
Tax Increment Bonds	3,935,000	3,333,000	3,935,000	3,333,000	507,000
Capital lease obligation	878,000	-	29,497	848,503	30,764
Note payable	450,000	-	-	450,000	37,500
Net Pension Liability	-	454,374	-	454,374	-
Compensated absences	93,612	70,209	69,423	94,398	70,799
	<u>\$ 18,922,877</u>	<u>\$ 3,857,583</u>	<u>\$ 5,359,926</u>	<u>\$ 17,420,534</u>	<u>\$ 1,986,063</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE G – LONG-TERM DEBT – CONTINUED

As of June 30, 2015, annual debt service requirements to maturity of governmental activities are as follows:

Year ending June 30,	Tax Increment Revenue Bonds		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2016	\$ -	\$ -	\$ 1,340,000	\$ -
2017	507,000	-	1,395,000	-
2018	485,000	83,325	1,440,000	404,945
2019	497,000	70,650	1,515,000	353,651
2020	509,000	58,525	425,000	296,464
2021-2025	1,335,000	99,725	2,320,000	918,945
2026-2030	-	-	2,720,000	535,916
2031-2032	-	-	780,000	115,597
Plus unamortized	3,333,000	312,225	11,935,000	2,625,518
premium	-	-	305,259	(305,259)
	<u>\$3,333,000</u>	<u>\$ 312,225</u>	<u>\$12,240,259</u>	<u>\$2,320,259</u>

Year ending June 30,	Note Payable	
	Principal	Interest
2015	\$ -	\$ -
2016	37,500	-
2017	37,500	-
2018	37,500	-
2019	37,500	-
2020-2024	187,500	-
2025	112,500	-
	<u>\$ 450,000</u>	<u>\$ -</u>

The amortization of compensated absences and net pension liability has not been included in the above schedules due to the uncertainty of the timing of the payments.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE G – LONG-TERM DEBT – CONTINUED

The 2011 Sales Tax Revenue Bonds were issued, in part, to finance a current refunding of \$6,145,000 of 2004 Excise Tax Revenue Bonds. The 2004 Excise Tax Revenue Bonds were originally issued to finance the acquisition and improvement of open space, city offices and other development projects. The refunding was undertaken to reduce total future debt service payments. The reacquisition price of the 2011 Sales Tax Bonds exceeded the net carrying amount of the 2004 Excise Tax Bonds by a total of \$105,614. The amount of \$88,012 is shown as a deferred outflow of resources on the Statement of Activities and is being amortized over the life of the old debt, which is shorter than the life of the new debt. The refunding also resulted in an economic gain of \$488,196 and average annual cash flow savings of approximately \$102,000 over twelve years.

The 2015 Tax Increment Revenue Refunding Bonds were issued to finance a current refunding of \$3,485,000 of 2006 Tax Increment Revenue Bonds. The 2006 Tax Increment Revenue Bonds were originally issued to refinance a \$3.1 million dollar contract payable for the purchase of open space, to purchase additional open space and to reimburse a developer for infrastructure installed in a development project. The refunding was undertaken to reduce total future debt service payments. The reacquisition price of the 2015 Sales Tax Bonds exceeded the net carrying amount of the 2006 Tax Increment Revenue Bonds by a total of \$152,000 which is shown as a deferred outflow of resources on the Statement of Activities and is being amortized over the life of the new debt, which is the same as the life of the old debt. The refunding also resulted in an economic gain of approximately \$219,000 and cash flow savings of approximately \$485,000 over six years.

NOTE H – PLEDGED REVENUES

In 2011 the City pledged a portion of future sales tax revenues totaling \$11,292,338 to pay debt service on sales tax revenues bonds issued in November 2011. These bonds financed the refunding of the 2004 excise tax bonds and also provided funding for the construction of a fire station. Sales tax revenues will be committed to the repayment of the bonds until November 2032. These revenues were projected to produce approximately 575% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$614,589 which equaled the amount of the pledged revenues for the year.

In 2008 the City pledged future Class C Road Funds totaling \$6,754,195 to pay debt service on sales tax revenue bonds issued in November 2008. Proceeds from these bonds will be used to finance the construction, repair and maintenance of class C roads and sidewalks, curbs and gutters within the City. The bonds are payable solely from excise tax revenues. Excise tax revenues, including Class C Road Funds and sales tax revenues will be committed to the repayment of the bonds until October 2018. These revenues were projected to produce approximately 332% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$1,125,113, which equaled the amount of the pledged revenues for the year.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE H – PLEDGED REVENUES - CONTINUED

In 2015 the City also pledged future property tax revenues totaling \$3,645,225 to pay debt service on tax increment bonds issued in May 2015. Proceeds from these bonds were used to refinance the 2006 Tax Increment Revenue Bonds Payable. The bonds are payable solely from the incremental property tax revenues generated by the increased property taxes in the economic development area. Incremental property tax revenues were projected to produce 169% of the debt service requirements over the life of the bonds. The incremental property tax revenues from this project area are committed to the repayment of the bonds until December 2020. For the current year, there was no debt service paid on the 2015 bonds. Total incremental property tax revenues were \$1,196,380, \$706,852 of which was used to pay the required debt service on the 2006 bonds prior to the refunding.

NOTE I – CAPITAL LEASE OBLIGATIONS

The City has entered into a capital lease agreement under which the related land will become the property of the City when the terms of the lease agreement are met.

2016	\$ 61,053
2017	61,052
2018	61,053
2019	61,053
2020	61,053
2021-2025	305,264
2026-2030	305,269
2031-2034	244,208
Less amounts representing interest	(311,502)
Present value of future minimum lease payments	<u>\$ 848,503</u>

The cost of the capital asset under the lease is \$878,000, all of which is attributable to land and will not be depreciated.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS

General Information about the Pension Plan

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

- Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employees, retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employees, retirement system.

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS - CONTINUED

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory system	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

* with actuarial reductions

** All post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for Judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI), increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

Contributions: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates
Contributory System			
111 - Local Governmental Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15 - Local Governmental Division Tier 1	N/A	N/A	18.470%

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS - CONTINUED

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

At June 30, 2015, the City reported a net pension asset of \$210 and a net pension liability of \$454,374.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory system	0.1046406%	\$ -	\$ 454,374
Tier 2 Public Employees System	0.0069434%	210	-
Total Net Pension Asset/Liability		<u>\$ 210</u>	<u>\$ 454,374</u>

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended June 30, 2015, we recognized pension expense of \$105,073. At June 30, 2015, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 13,747
Changes in assumptions	-	44,273
Net difference between projected and actual earnings on pension plan investments	10,223	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	89,896	-
Total	<u>\$ 100,119</u>	<u>\$ 58,020</u>

\$89,896 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS - CONTINUED

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	<u>Deferred Outflows (Inflows) of Resources</u>
2015	\$ (12,037)
2016	(12,037)
2017	(12,037)
2018	(11,455)
2019	(37)
Thereafter	(193)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS - CONTINUED

Retired Member Mortality

Class of Member

Educators
Men EDUM (90%)
Women EDUF (100%)
Public Safety and Firefighters
Men RP 2000mWC (100%)
Women EDUF (120%)
Local Government, Public Employees
Men RP 2000mWC (100%)
Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP 2000 Combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2008 - December 31, 2013.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best- estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

**CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015**

NOTE J - RETIREMENT PLANS - CONTINUED

Asset class	<u>Expected Return Arithmetic Basis</u>		
	<u>Target Asset Allocation</u>	<u>Real Return Arithmetic Basis</u>	<u>Long-term Expected Portfolio Real Rate of Return</u>
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	-	-	-
Totals	<u>100%</u>		<u>5.23%</u>
Inflation			<u>2.75%</u>
Expected arithmetic nominal return			<u>7.98%</u>

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE J - RETIREMENT PLANS - CONTINUED

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of			
Net pension (asset)/liability	\$ 1,091,768	\$ 454,164	\$ (76,955)

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

NOTE K – DEFERRED COMPENSATION PLANS

The City sponsors a defined contribution deferred compensation plan administered by the Utah Retirement Systems under the Internal Revenue Code Section 401(k) for City employees covered by the State's noncontributory retirement plans. The plan, available to all permanent full-time City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The 401(k) deferred compensation monies are not available to the City or its general creditors. The City's contributions for each employee (and interest allocated to the employee's account) are fully vested in the employee's account from the date of employment. The City participates at rates between 0% and 3.26% depending on the employees' contributions. The rate of City participation can be changed by the City Council. During the year ended June 30, 2015, contributions totaling \$14,086 were made to the plan by employees and \$51,678 by the City.

NOTE L – COMMITMENTS

The City has entered into contracts with Salt Lake County for public works services. The contracts of approximately \$709,000 for these services expire June 30, 2016.

The City has also entered into a cooperative agreement with several other cities and Salt Lake County to create a governmental entity known as the United Fire Authority (the Authority) to provide for fire and paramedic services for the member cities and the County. The City's estimated share of the operating costs of the Authority for operations from July 1, 2015 through June 30, 2016, is approximately \$2,125,000.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE L – COMMITMENTS - CONTINUED

Similarly, the City has entered into a cooperative agreement with several other cities and Salt Lake County to create a governmental entity known as the Unified Police Department to provide police services for the member cities and the County. The City’s estimated share of the operating costs of this entity for the period from July 1, 2015 through June 30, 2016 is approximately \$4,200,000.

The City has also entered into a contract with Salt Lake County for animal control services. The contract calls for annual payments of approximately \$119,000 and expires June 30, 2016.

NOTE M – 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; injuries to employees; and natural disasters. The City carries commercial insurance for all of these risks of loss except natural disasters. There were no decreases in coverage during 2004. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Expenses and claims not covered by insurance are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. Claims information for the past two years is as follows:

	<u>2015</u>	<u>2014</u>
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	6,742	1,493
Payments on claims during the year		
Payments made by insurance	6,742	1,493
Coinsurance and deductible insurance payments made by the City	-	-
	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE N - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2015, are as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Amount</u>
Redevelopment Agency	General Fund	\$ 267,674
Redevelopment Agency	Capital Projects Fund	3,700,000
		<u>\$3,967,674</u>

The interfund receivables/payables consist of operating funds of \$267,674 loaned between the General Fund and the Redevelopment Agency and a note receivable/payable of \$3,700,000 between the Redevelopment Agency and the Capital Projects fund. The interfund receivable/payable relates to operating cash temporarily loaned to the Redevelopment Agency by the General Fund to meet the daily operating cash needs of the Redevelopment Agency. The note receivable/payable between the Redevelopment Agency and the Capital Projects Fund was used to support specific capital expenditures and repayment will begin at such time the revenues from a particular economic development area are realized. In the meantime, interest is payable annually at a rate equal to what the City earns on its investments held with the Utah Public Treasurer's Investment Fund.

NOTE O - INTERFUND TRANSFERS

During the course of normal operations, the City has transactions between funds to construct capital assets and to fund debt service requirements.

A summary of interfund transfers by fund is as follows:

	<u>In</u>	<u>Out</u>
Major Fund:		
General Fund	\$ -	\$ 2,749,072
Capital Projects Fund	1,043,187	49,228
Redevelopment Agency	24,000	4,191,852
General Debt Service	1,731,113	-
Nonmajor governmental fund	4,191,852	-
	<u>\$ 6,990,152</u>	<u>\$ 6,990,152</u>

NOTE P – DEFICIT FUND BALANCE

The Redevelopment Agency has a deficit fund balance of \$3,571,296. Management expects tax increment funds to be collected over the next several years which would decrease the deficit and help to repay the interfund payable.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

NOTE Q – EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2015 the Redevelopment Agency expenditures exceeded appropriations for Debt Service – Interest by \$28,020 and Transfers Out by \$210,180.

NOTE R - REDEVELOPMENT AGENCY OF THE CITY OF HOLLADAY

The City of Holladay Redevelopment Agency was created in 2006 to increase and develop the commercial growth in a central area of the City, known as the Village Center Project Area and in a second area known as the Olympus Economic Development Project Area. Redevelopment activity began during 2007, with the first tax increment received in 2007.

For the year ended June 30, 2015, the following activity occurred in the City’s Redevelopment Agency:

Tax increment collected from other taxing agencies for the project areas	<u>\$ 1,196,380</u>
Outstanding loans to finance RDA projects	<u>\$ 4,631,503</u>
Amounts expended for the acquisition of property	\$ -
Tax increments paid to other taxing agencies	464,657
Payments made to developers for reimbursement of development costs	-
Amounts expended for site improvements and preparation costs	-
Amounts expended for administrative costs	5,247
Amounts expended for debt service and bond issue costs	<u>140,552</u>
	<u>\$ 610,456</u>

NOTE S – PRIOR PERIOD ADJUSTMENT

Effective July 1, 2014, the City adopted the requirements of GASB Statement No 68, “Accounting and Financial Reporting for Pensions.” As a result, the City made a prior period adjustment in the amount of \$485,209 to record the July 1, 2014 balance of the net pension liability and deferred inflows and outflows related to pensions as calculated by the Utah Retirement Systems.

**REQUIRED SUPPLEMENTARY INFORMATION –
PENSIONS**

CITY OF HOLLADAY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY – UTAH RETIREMENT SYSTEMS
For the Fiscal Year ended June 30, 2015
With a Measurement Date of December 31, 2014
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Proportion of the net pension liability (asset)	0.1046406%	0.0069434%
Proportionate share of the net pension liability (asset)	\$ 454,374	\$ (4,463)
Covered employee payroll	\$ 931,693	\$ 34,041
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	48.8%	-0.6%
Plan fiduciary net position as a percentage of the total pension liability	90.2%	103.5%

* Only fiscal year 2015 was available. The Center will continue to present information for available years until a full 10-year trend is compiled.

CITY OF HOLLADAY
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS
For the Fiscal Year ended June 30, 2015
With a Measurement Date of December 31, 2014
Last 10 Fiscal Years*

	<u>Noncontributory System</u>	<u>Tier 2 Public Employees System</u>
Contractually required contribution	\$ 164,466	\$ 2,865
Contributions in relation to the contractually required contribution	<u>(164,466)</u>	<u>(2,865)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered employee payroll	\$ 931,693	\$ 34,041
Contributions as a percentage of covered employee payroll**	17.65%	8.42%

* Only fiscal year 2015 was available. The Center will continue to present information for available years until a full 10-year trend is compiled.

** Contributions as a percentage of covered-employee payroll may be different than the URS Board certified rate due to rounding or other administrative issues.

CITY OF HOLLADAY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2015
With a Measurement Date of December 31, 2014

Other information that is not required as part of RSI

This information below is not required as part of GASB 68 but is provided for informational purposes. The schedule below is a summary of the Defined Contribution Savings Plans for pay periods January 1 - December 31, 2014.

	<u>Employee Paid Contributions</u>	<u>Employer Paid Contributions</u>
401(k) Plan	\$ 14,086	\$ 51,678
457 Plan	-	-
Roth IRA Plan	-	-
Traditional IRA Plan	-	-
HRA Plan	-	-

* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) Plan.

INDIVIDUAL FUND SCHEDULES

General Fund and Capital Projects Fund

These supplementary schedules are included to provide management with additional information for financial analysis.

**CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

	2015			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
TAXES					
PROPERTY TAXES	\$ 4,154,500	\$ 4,179,700	\$ 4,091,755	\$ (87,945)	\$ 4,069,277
FEES IN LIEU OF TAXES	225,000	239,750	252,884	13,134	228,282
GENERAL SALES TAX	3,422,400	3,603,900	3,727,263	123,363	3,348,992
TRANSIENT ROOM TAX	55,000	74,000	85,978	11,978	70,780
FRANCHISE TAX	2,266,000	2,413,072	2,208,486	(204,586)	2,230,814
TOTALS	10,122,900	10,510,422	10,366,366	(144,056)	9,948,145
LICENSES, FEES AND PERMITS					
BUSINESS AND ANIMAL LICENSES	300,000	302,500	284,087	(18,413)	272,439
BUILDING PERMITS	1,080,250	1,090,550	589,541	(501,009)	710,353
TOTALS	1,380,250	1,393,050	873,628	(519,422)	982,792
INTERGOVERNMENTAL REVENUE					
CLASS "C" ROAD FUNDS	875,000	934,842	911,806	(23,036)	836,554
OTHER GRANTS	94,400	103,000	74,726	(28,274)	230,047
TOTALS	969,400	1,037,842	986,532	(51,310)	1,066,601
CHARGES FOR SERVICE					
LAND USE FEES	45,000	67,000	104,199	37,199	58,175
OTHER SERVICE REVENUE	-	270	1,471	1,201	2,530
TOTALS	45,000	67,270	105,670	38,400	60,705
FINES AND FORFEITURES					
COURTS FINES AND FORFEITURES	923,000	925,500	920,189	(5,311)	870,671
MISCELLANEOUS REVENUE					
MISCELLANEOUS	67,161	133,011	127,395	(5,616)	106,136
INTEREST ON INVESTMENTS	17,500	17,500	12,986	(4,514)	10,983
TOTALS	84,661	150,511	140,381	(10,130)	117,119
TOTAL REVENUES	13,525,211	14,084,595	13,392,766	(691,829)	13,046,033

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES					
GENERAL GOVERNMENT					
COURT					
PERSONNEL	384,674	384,674	390,744	(6,070)	372,232
OPERATIONS AND MAINTENANCE	522,649	522,649	488,714	33,935	493,823
CAPITAL	-	-	-	-	-
TOTAL	907,323	907,323	879,458	27,865	866,055
ADMINISTRATIVE					
PERSONNEL	561,275	561,275	508,643	52,632	525,844
OPERATIONS AND MAINTENANCE	537,340	537,340	490,061	47,279	547,591
CAPITAL	600	600	240	360	-
TOTAL	1,099,215	1,099,215	998,944	100,271	1,073,435
TREASURY					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	16,500	16,500	16,377	123	16,000
CAPITAL	-	-	-	-	-
TOTAL	16,500	16,500	16,377	123	16,000
MAYORAL					
PERSONNEL	31,721	31,721	30,147	1,574	30,308
OPERATIONS AND MAINTENANCE	2,400	2,400	2,400	-	2,600
CAPITAL	-	-	-	-	-
TOTAL	34,121	34,121	32,547	1,574	32,908
LEGISLATIVE					
PERSONNEL	79,000	79,000	75,193	3,807	76,382
OPERATIONS AND MAINTENANCE	50,893	50,893	56,721	(5,828)	103,686
CAPITAL	-	-	-	-	-
TOTAL	129,893	129,893	131,914	(2,021)	180,068
FACILITIES MAINTENANCE					
PERSONNEL	2,500	2,500	-	2,500	-
OPERATIONS AND MAINTENANCE	88,500	88,500	91,441	(2,941)	68,890
CAPITAL	-	-	-	-	-
TOTAL	91,000	91,000	91,441	(441)	68,890
TOTAL GENERAL GOVERNMENT	2,278,052	2,278,052	2,150,681	127,371	2,237,356
PUBLIC SAFETY					
POLICE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	3,816,867	3,970,419	3,976,227	(5,808)	3,625,481
CAPITAL	-	-	-	-	-
TOTAL	3,816,867	3,970,419	3,976,227	(5,808)	3,625,481

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
FIRE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	2,081,081	2,299,640	2,068,557	231,083	1,997,638
CAPITAL	-	-	-	-	-
TOTAL	<u>2,081,081</u>	<u>2,299,640</u>	<u>2,068,557</u>	<u>231,083</u>	<u>1,997,638</u>
ANIMAL CONTROL					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	94,436	99,161	99,174	(13)	89,952
CAPITAL	-	-	-	-	-
TOTAL	<u>94,436</u>	<u>99,161</u>	<u>99,174</u>	<u>(13)</u>	<u>89,952</u>
TOTAL PUBLIC SAFETY	<u>5,992,384</u>	<u>6,369,220</u>	<u>6,143,958</u>	<u>225,262</u>	<u>5,713,071</u>
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	6,850	6,850	18,998	(12,148)	4,000
CAPITAL	-	-	-	-	-
TOTAL	<u>6,850</u>	<u>6,850</u>	<u>18,998</u>	<u>(12,148)</u>	<u>4,000</u>
INSPECTIONS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	230,000	230,000	230,000	-	190,000
CAPITAL	-	-	-	-	-
TOTAL	<u>230,000</u>	<u>230,000</u>	<u>230,000</u>	<u>-</u>	<u>190,000</u>
ECONOMIC DEVELOPMENT					
PERSONNEL	477,000	477,000	446,510	30,490	438,409
OPERATIONS AND MAINTENANCE	148,530	215,530	164,167	51,363	112,866
CAPITAL	-	-	-	-	-
TOTAL	<u>625,530</u>	<u>692,530</u>	<u>610,677</u>	<u>81,853</u>	<u>551,275</u>
TOTAL COMMUNITY DEVELOPMENT	<u>862,380</u>	<u>929,380</u>	<u>859,675</u>	<u>69,705</u>	<u>745,275</u>
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL	-	-	-	-	5,507
OPERATIONS AND MAINTENANCE	781,875	917,875	808,928	108,947	726,644
CAPITAL	-	-	-	-	-
TOTAL STREETS AND HIGHWAYS	<u>781,875</u>	<u>917,875</u>	<u>808,928</u>	<u>108,947</u>	<u>732,151</u>

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014

	2015			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL	172,303	190,203	187,377	2,826	160,187
OPERATION AND MAINTENANCE	140,300	140,300	129,453	10,847	106,940
CAPITAL	-	-	-	-	-
TOTAL	<u>312,603</u>	<u>330,503</u>	<u>316,830</u>	<u>13,673</u>	<u>267,127</u>
COMMUNITY ARTS AND EVENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	198,500	198,500	139,582	58,918	217,199
CAPITAL	-	-	-	-	-
TOTAL	<u>198,500</u>	<u>198,500</u>	<u>139,582</u>	<u>58,918</u>	<u>217,199</u>
TOTAL PARKS, RECREATION AND CULTURE	<u>511,103</u>	<u>529,003</u>	<u>456,412</u>	<u>72,591</u>	<u>484,326</u>
TOTAL EXPENDITURES	<u>10,425,794</u>	<u>11,023,530</u>	<u>10,419,654</u>	<u>603,876</u>	<u>9,912,179</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,099,417</u>	<u>3,061,065</u>	<u>2,973,112</u>	<u>(87,953)</u>	<u>3,133,854</u>
OTHER FINANCING USES					
TRANSFERS OUT	<u>(3,099,417)</u>	<u>(3,061,065)</u>	<u>(2,749,072)</u>	<u>311,993</u>	<u>(3,535,563)</u>
TOTAL OTHER FINANCING USES	<u>(3,099,417)</u>	<u>(3,061,065)</u>	<u>(2,749,072)</u>	<u>311,993</u>	<u>(3,535,563)</u>
NET CHANGE IN FUND BALANCE	-	-	224,040	224,040	(401,709)
FUND BALANCE AT BEGINNING OF YEAR	<u>3,141,467</u>	<u>3,141,467</u>	<u>3,141,467</u>	-	<u>3,543,176</u>
FUND BALANCE AT END OF YEAR	<u>\$ 3,141,467</u>	<u>\$ 3,141,467</u>	<u>\$ 3,365,507</u>	<u>\$ 224,040</u>	<u>\$ 3,141,467</u>

**CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
JUNE 30, 2015
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2014**

	2015			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2014
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
LICENSES, FEES AND PERMITS					
IMPACT FEES	\$ 105,000	\$ 144,000	\$ 186,050	\$ 42,050	\$ 225,752
INTERGOVERNMENTAL					
OTHER GRANTS	-	378,000	498,651	120,651	-
MISCELLANEOUS REVENUE					
SALE OF CAPITAL ASSETS	-	-	7,400	7,400	280,020
INTEREST ON INVESTMENTS	-	-	28,020	28,020	36,341
TOTAL REVENUES	<u>105,000</u>	<u>522,000</u>	<u>720,121</u>	<u>198,121</u>	<u>542,113</u>
EXPENDITURES					
CAPITAL OUTLAY					
PARK IMPROVEMENTS	363,847	810,496	943,501	(133,005)	473,248
STORM DRAIN IMPROVEMENTS	195,000	207,000	211,037	(4,037)	316,289
STREETS IMPROVEMENTS	780,000	780,000	542,398	237,602	1,562,262
LAND AND BUILDING ACQUISITION	-	-	-	-	1,439,632
OTHER	69,685	69,685	37,245	32,440	71,402
TOTAL CAPITAL OUTLAY EXPENDITURES	<u>1,408,532</u>	<u>1,867,181</u>	<u>1,734,181</u>	<u>133,000</u>	<u>3,862,833</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,303,532)</u>	<u>(1,345,181)</u>	<u>(1,014,060)</u>	<u>331,121</u>	<u>(3,320,720)</u>
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	1,393,532	1,462,181	1,043,187	(418,994)	2,130,789
TRANSFERS OUT	(90,000)	(117,000)	(49,228)	67,772	(333,023)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,303,532</u>	<u>1,345,181</u>	<u>993,959</u>	<u>(351,222)</u>	<u>1,797,766</u>
NET CHANGE IN FUND BALANCE	-	-	(20,101)	(20,101)	(1,522,954)
FUND BALANCE AT BEGINNING OF YEAR	<u>4,794,401</u>	<u>4,794,401</u>	<u>4,794,401</u>	<u>-</u>	<u>6,317,355</u>
FUND BALANCE AT END OF YEAR	<u>\$ 4,794,401</u>	<u>\$ 4,794,401</u>	<u>\$ 4,774,300</u>	<u>\$ (20,101)</u>	<u>\$ 4,794,401</u>