

CITY OF HOLLADAY

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

JUNE 30, 2011

Osborne, Robbins & Buhler, PLLC

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

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REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Honorable Mayor and Members of the City Council
City of Holladay

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, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of Holladay as of June 30, 2011, and the respective changes in financial position thereof and the budgetary comparison for the General Fund and Redevelopment Agency Fund, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2011 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis pages 3 through 10 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 inquiries 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Holladay's financial statements as a whole. 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements taken as a whole.

Osborne Robbins & Buhler PLLC

November 1, 2011

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

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, 2011. Please read it in conjunction with the City's financial statements which begin on page 12.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$24,718,036 (\$22,534,442 in 2010) (*net assets*), consisting of \$23,756,549 (\$21,542,550 in 2010) in capital assets net of related debt, \$3,370,927 (\$2,901,022 in 2010) in restricted net assets and a deficit of \$2,409,440 (\$1,909,130 in 2010) in unrestricted net assets.
- The City's governmental funds reported combined fund balances of \$8,473,940 (\$10,270,020 in 2010). \$11,490,503 (\$12,242,165 in 2010) is restricted as to use, leaving a deficit in unassigned fund balance of \$3,016,563 which is an increase in the deficit from 2010 by \$1,044,418.
- The City's general fund balance increased by \$744,772 due primarily to an increase in tax revenues and a decrease in transfers made to other funds as compared to 2010.
- The City received approximately \$800,000 in federal grant funds for use in the Holladay Village Center project and another \$1.3 million for use in the 3900 South reconstruction project. In addition, the City also received approximately \$200,000 in federal funds to install energy efficient street lighting.

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

City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011

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 12-13 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 activities 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 this budget.

The governmental fund financial statements can be found on pages 14-16 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 17-34 of this report.

Other information. Individual fund schedules can be found on pages 36-40 of this report.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$24,718,036 at the close of the most recent year (\$22,534,442 as of June 30, 2010.)

Approximately 96.1% (95.6% at June 30, 2010) of the City's net assets reflects its investment in capital assets (e.g. land, improvements, machinery, equipment, vehicles, and infrastructure assets); less any related debt used to acquire those assets that is still outstanding. 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		2011	2010
Net Assets		<u>2011</u>	<u>2010</u>
		2011	2010
Current and other assets	\$ 14,352,653	\$ 16,132,396	
Capital assets	36,035,110	33,438,431	
Total assets	<u>50,387,763</u>	<u>49,570,827</u>	
Long-term liabilities outstanding	19,899,717	21,317,135	
Other liabilities	5,770,010	5,719,250	
Total liabilities	<u>25,669,727</u>	<u>27,036,385</u>	
Net assets:			
Invested in capital assets, net of related debt	23,756,549	21,542,550	
Restricted	3,370,927	2,901,022	
Unrestricted	(2,409,440)	(1,909,130)	
Total net assets	<u>\$ 24,718,036</u>	<u>\$ 22,534,442</u>	

A portion of the City's net assets (13.6% in 2011 and 12.9% in 2010) represents resources that are subject to external restrictions on how they may be used. *Unrestricted net assets* represent those net assets 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, 2011 the City has a deficit of \$2,409,440 in unrestricted net assets (\$1,909,130 in 2010).

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

Governmental activities.

Governmental activities increased the City's net assets by \$2,183,594. Key elements in the change in net assets include:

- Federal grants of approximately \$2.3 million were received during 2011 for use in two different projects that resulted in increases to capital assets owned by the City.
- There was a slight increase in tax revenues during the current fiscal year.
- There was a decrease in expenditures in several departments.

City of Holladay
Changes in Net Assets

	<u>2011</u>	<u>2010</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,459,851	\$ 1,428,170
Operating grants and contributions	873,644	888,075
Capital grants and contributions	2,640,139	5,006,832
General revenues:		
Property taxes	4,905,409	4,726,739
Other taxes	5,246,638	4,991,642
Other	468,905	135,737
Total revenues	<u>15,594,586</u>	<u>17,177,195</u>
Expenses:		
General government	2,328,336	2,242,635
Public safety	5,164,842	5,264,531
Community development	1,063,025	1,070,586
Streets and highways	3,739,548	4,148,450
Parks, recreation, and culture	279,055	380,475
Interest on long-term debt	836,186	909,613
Total expenses	<u>13,410,992</u>	<u>14,016,290</u>
Change in net assets	2,183,594	3,160,905
Net assets, beginning	<u>22,534,442</u>	<u>19,373,537</u>
Net assets, ending	<u>\$ 24,718,036</u>	<u>\$ 22,534,442</u>

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

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 2011 fiscal year, the City's governmental funds reported combined ending fund balance of \$8,473,940 (\$10,270,020 in 2010). In 2011 the City showed a deficit in unassigned fund balance of \$3,016,563, compared to a deficit of \$1,972,145 in unreserved fund balance in 2010, for an overall increase to the deficit in 2011 of \$1,044,418. The deficit is associated with the Redevelopment Agency fund balance, which reports a deficit of \$3,441,023 which has arisen primarily from expenditures related to development. 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 eliminate 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. \$4,328,026 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 improvements 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 2011 fiscal year, fund balance of the general fund was \$1,465,110, all of which was unassigned (\$720,338 in 2010). Despite the downturn in the economy during the year, revenues in the general fund were approximately \$980,000 higher than in 2010 and expenditures remained flat as compared to 2010. 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 17.0% of total general fund expenditures (8.3% in 2010).

At the end of fiscal year 2011, the capital projects fund had a total fund balance of \$7,504,858 (\$9,799,239 in 2010), which consisted of \$3,109,591 in assigned fund balance, and \$4,395,267 in nonspendable and restricted fund balance. The decrease in 2011 was due primarily to use of bond proceeds from bonds issued during 2009. Major capital outlay expenditures included approximately \$1.4 million in acquisition of property, engineering and construction costs related to the Holladay Village Center project and approximately \$4.0 million in streets, sidewalk, curb and gutter improvements.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

General Fund Budgetary Highlights

During the fiscal year, the General Fund's budget was amended from an original expenditure budget of \$8,819,995 to a final budget of \$8,993,268, an increase of \$173,273. This increase was related primarily to budgeting for payments to Cottonwood Heights City for its share of court fine and forfeitures collected by the City. Additionally, there were small increases for economic development and public safety expenditures.

The majority of this increase was funded from additional budgeted fines and forfeitures collected by the court. Additional funding was to come from an increase in the budgeted tax revenues.

Actual expenditures in the General Fund were less than the amended budget by \$365,692, with positive variances in all departments.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2011 amounts to \$36,035,110, net of accumulated depreciation (\$33,438,431 in 2010). 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:

- Construction In Process – Approximately \$2.3 million in land acquisition costs, engineering costs, environmental assessments, and construction costs were incurred in relation to the Holladay Village Center project and the 3900 South reconstruction project.
- Machinery and equipment – Updated, energy efficient street lighting was installed using federal Recovery Act funds for a total of approximately \$250,000.

**City of Holladay
Management’s Discussion and Analysis
Year Ended June 30, 2011**

City of Holladay Capital Assets (net of depreciation)		
	2011	2010
Land	\$ 8,568,100	\$ 8,203,100
Construction in progress	14,557,172	12,181,274
Buildings and structures	8,043,734	8,285,411
Improvements, including infrastructure	3,901,383	4,112,900
Machinery, equipment, and vehicles	918,181	586,150
Office furniture and equipment	46,540	69,596
Total	\$ 36,035,110	\$ 33,438,431

Additional information on the City’s capital assets can be found in Note F on page 27 of this report.

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,416,987 consisting of \$6,505,000 in excise debt which is secured by sales tax revenues, \$5,165,000 in tax increment debt and \$7,746,987 in sales tax revenue bonds secured by C road funds. In addition, the City had entered into a contract for the purchase of land which had a balance at June 30, 2011 of \$400,000.

The City’s total debt decreased by \$1,417,418 during the current year resulting from scheduled principal reductions.

The City’s bond rating was reviewed in October 2011 in connection with the issuance of refunding and revenue bonds (see Note R). 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 its total taxable value. The current limitation for the City is approximately \$99,000,000 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 28 and 29 of this report.

Economic Factors and Next Year’s Budgets and Rates

After weathering the difficult economic times of the past few years, the financial outlook of the City seems to be rebounding. For the past several years, the City, as well as countless others in the area, have experienced the worst economic times since the Great Depression of the 1930’s. After several years of declining revenues and making adjustments for budgets and spending, the future is looking more positive.

We seem to have “bottomed out” and are seeing a gradual upturning of revenues; positive numbers over last year’s revenues. Even though there is a positive trend it will be a long, slow path to where the City once was before the present day recession. A few significant factors that will help in the recovery are the following:

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2011**

- The Village Center development; after many delays the city council made a decision to move in a different direction with the development. They have eliminated the residential component of the development and have selected a new developer. The developer, Rockworth, has started the development application and would like to be under construction by the spring of 2012. On the plaza site, the contractor has replaced the paver sub contractor with a new one. Work is expected to be completed by the end of the 2012 calendar year and this will bring the Village Center Plaza to a long awaited finish.
- Building permits have seen a very positive growth this past year, but we are not at the pre recessionary level. With the possibility of a major hotel development and the Village Center development both coming on line as well as 19 homes in one of the new subdivisions in the City, the growth in the development department has a better outlook than in past years.
- This will be that last year that funds remaining from the issuance of 2008 Sales Tax Revenue Bonds will be spent on doing road work in the City of Holladay. We have spent \$8.2 million in the last three years on road work and a significant amount of work has been done in this area. However, we needed approximately \$25 million to bring the roads in the City to a "good" standard and were only able to do about a third of what was needed.
- The City has extended the trigger date for tax increment revenues on the Cottonwood Mall project and further work on the project will move forward as the developer secures tenants.

Despite the uncertainty of these difficult times, the City has fared well balancing revenues and expenditures. We have been fortunate during the past few years with two of our major suppliers of services, the United Fire Authority and United Police Department, and have had no significant increases in our Public Safety budget which accounts for about 40% of the City's budget.

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
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
JUNE 30, 2011**

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 4,023,933
RECEIVABLES (NET)	
TAXES	5,681,290
INTERGOVERNMENTAL	288,956
OTHER	11,257
SPECIAL ASSESSMENT	7,927
BOND ISSUE COSTS (NET)	362,608
RESTRICTED ASSETS	
CASH AND CASH EQUIVALENTS	3,976,682
NON-DEPRECIABLE CAPITAL ASSETS	23,125,272
DEPRECIABLE CAPITAL ASSETS, NET	12,909,838
TOTAL ASSETS	<u>50,387,763</u>
LIABILITIES	
ACCOUNTS PAYABLE	548,977
ACCRUED LIABILITIES	6,226
ACCRUED INTEREST PAYABLE	261,832
PAYABLE FROM RESTRICTED ASSETS	
DEPOSITS	87,441
UNEARNED REVENUE	4,865,534
NON-CURRENT LIABILITIES	
DUE WITHIN ONE YEAR	1,617,048
DUE IN MORE THAN ONE YEAR	
COMPENSATED ABSENCES	20,682
CONTRACTS PAYABLE	400,000
BONDS PAYABLE	17,861,987
TOTAL LIABILITIES	<u>25,669,727</u>
NET ASSETS	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	23,756,549
RESTRICTED FOR	
DEBT SERVICE	2,932,142
COMMUNITY DEVELOPMENT	438,785
UNRESTRICTED	(2,409,440)
TOTAL NET ASSETS	<u>\$ 24,718,036</u>

**CITY OF HOLLADAY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2011**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES NET ASSETS
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES (TOTAL)
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES					
GENERAL GOVERNMENT	\$ 2,328,336	\$ 954,164	\$ -	\$ 828,780	\$ (545,392)
PUBLIC SAFETY	5,164,842	-	28,430	9,466	(5,126,946)
COMMUNITY DEVELOPMENT	1,063,025	462,249	24,510	-	(576,266)
STREETS AND HIGHWAYS	3,739,548	43,438	820,704	1,776,852	(1,098,554)
PARKS, RECREATION AND CULTURE	279,055	-	-	25,041	(254,014)
INTEREST ON LONG-TERM DEBT	836,186	-	-	-	(836,186)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,410,992</u>	<u>\$ 1,459,851</u>	<u>\$ 873,644</u>	<u>\$ 2,640,139</u>	<u>(8,437,358)</u>
GENERAL REVENUES:					
PROPERTY TAXES					4,905,409
SALES TAXES					2,821,411
FRANCHISE TAXES					2,114,571
TRANSIENT ROOM TAX					36,599
MOTOR VEHICLE FEES IN LIEU					274,057
INVESTMENT EARNINGS					51,451
OTHER					417,454
TOTAL GENERAL REVENUES					<u>10,620,952</u>
CHANGE IN NET ASSETS					2,183,594
NET ASSETS AT BEGINNING OF YEAR					<u>22,534,442</u>
NET ASSETS AT END OF YEAR					<u>\$ 24,718,036</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

**CITY OF HOLLADAY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET LIABILITIES OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2011**

	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	\$ 483,850	\$ 3,072,848	\$ 114,349	\$ 352,886	\$ -	\$ 4,023,933
RECEIVABLES						
TAXES	4,713,884	-	967,406	-	-	5,681,290
INTERGOVERNMENTAL	184,074	104,882	-	-	-	288,956
OTHER	11,257	-	-	-	-	11,257
SPECIAL ASSESSMENT	7,927	-	-	-	-	7,927
DUE FROM OTHER FUNDS	52,674	-	-	-	-	52,674
NOTE RECEIVABLE FROM REDEVELOPMENT AGENCY	-	3,700,000	-	-	-	3,700,000
RESTRICTED ASSETS						
CASH AND CASH EQUIVALENTS	87,441	695,267	601,865	2,592,109	-	3,976,682
TOTAL ASSETS	\$ 5,541,107	\$ 7,572,997	\$ 1,683,620	\$ 2,944,995	\$ -	\$ 17,742,719
LIABILITIES						
ACCOUNTS PAYABLE	\$ 76,275	\$ 68,139	\$ 404,563	\$ -	\$ -	\$ 548,977
DUE TO OTHER FUNDS	-	-	52,674	-	-	52,674
ACCRUED LIABILITIES	6,226	-	-	-	-	6,226
NOTE PAYABLE TO THE CAPITAL PROJECTS FUND	-	-	3,700,000	-	-	3,700,000
PAYABLE FROM RESTRICTED ASSETS						
DEPOSITS	87,441	-	-	-	-	87,441
DEFERRED REVENUE	3,906,055	-	967,406	-	-	4,873,461
TOTAL LIABILITIES	4,075,997	68,139	5,124,643	-	-	9,268,779
FUND BALANCES (DEFICIT)						
NONSPENDABLE	-	3,700,000	-	-	-	3,700,000
RESTRICTED	-	695,267	1,040,650	2,592,109	-	4,328,026
ASSIGNED	-	3,109,591	-	352,886	-	3,462,477
UNASSIGNED	1,465,110	-	(4,481,673)	-	-	(3,016,563)
TOTAL FUND BALANCES (DEFICIT)	1,465,110	7,504,858	(3,441,023)	2,944,995	-	8,473,940
TOTAL LIABILITIES AND FUND BALANCES	\$ 5,541,107	\$ 7,572,997	\$ 1,683,620	\$ 2,944,995	\$ -	\$ 17,742,719

TOTAL GOVERNMENTAL FUND BALANCES	\$	8,473,940
AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:		
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS		
		36,035,110
OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND THEREFORE ARE DEFERRED IN THE FUNDS		
		362,608
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		
		(19,899,717)
CERTAIN GOVERNMENTAL REVENUES THAT ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES ARE DEFERRED IN THE FUNDS		
		7,927
INTEREST PAYABLE ON LONG-TERM OBLIGATIONS DOES NOT REQUIRE CURRENT FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS		
		(261,832)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$	24,718,036

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2011**

	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)	\$ 9,309,136	\$ -	\$ 842,911	\$ -	\$ -	\$ 10,152,047
LICENSES, FEES AND PERMITS	476,607	38,123	-	-	-	514,730
INTERGOVERNMENTAL	1,039,803	2,435,857	-	-	-	3,475,660
CHARGES FOR SERVICES	29,460	-	-	-	-	29,460
FINES AND FORFEITURES	954,164	-	-	-	-	954,164
MISCELLANEOUS	419,074	-	-	-	-	419,074
INTEREST ON INVESTMENTS	19,182	198,455	6,281	12,533	-	236,451
TOTAL REVENUES	12,247,426	2,672,435	849,192	12,533	-	15,781,586
EXPENDITURES						
CURRENT						
GENERAL GOVERNMENT	2,048,584	-	-	-	-	2,048,584
PUBLIC SAFETY	5,119,982	-	-	-	-	5,119,982
COMMUNITY DEVELOPMENT	624,544	-	418,367	-	-	1,042,911
STREETS AND HIGHWAYS	601,611	-	-	-	-	601,611
PARKS, RECREATION AND CULTURE	232,855	-	-	-	-	232,855
CAPITAL OUTLAY	-	6,067,631	-	-	-	6,067,631
DEBT SERVICE	-	-	-	1,115,000	265,000	1,380,000
PRINCIPAL	-	-	-	613,022	266,070	1,084,092
INTEREST	-	20,000	185,000	-	-	205,000
TOTAL EXPENDITURES	8,627,576	6,087,631	603,367	1,728,022	531,070	17,577,666
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,619,850	(3,415,196)	245,825	(1,715,489)	(531,070)	(1,796,080)
OTHER FINANCING SOURCES (USES)						
TRANSFERS IN	-	1,120,815	-	1,754,263	531,070	3,406,148
TRANSFERS OUT	(2,875,078)	-	(531,070)	-	-	(3,406,148)
TOTAL OTHER FINANCING SOURCES (USES)	(2,875,078)	1,120,815	(531,070)	1,754,263	531,070	-
NET CHANGE IN FUND BALANCE	744,772	(2,294,381)	(285,245)	38,774	-	(1,796,080)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	720,338	9,799,239	(3,155,778)	2,906,221	-	10,270,020
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 1,465,110	\$ 7,504,858	\$ (3,441,023)	\$ 2,944,995	\$ -	\$ 8,473,940

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
FOR THE YEAR ENDED JUNE 30, 2011**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ (1,796,080)
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	3,122,500
DEPRECIATION EXPENSE	(525,821)
SOME SPECIAL ASSESSMENT AND INTERGOVERNMENTAL REVENUES ARE NOT CONSIDERED "AVAILABLE" IN THE GOVERNMENTAL FUNDS	(2,000)
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	47,183
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 ASSETS	1,380,000
GOVERNMENTAL FUNDS REPORT BOND ISSUE COSTS AS EXPENDITURES, WHILE GOVERNMENTAL ACTIVITIES AMORTIZE THOSE COSTS OVER THE LIFE OF THE BONDS	
AMORTIZATION EXPENSE	(42,188)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 2,183,594

**CITY OF HOLLADAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2011**

	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	\$ 8,844,302	\$ 8,864,302	\$ 9,309,136	\$ 444,834	\$ 858,627	\$ 858,627	\$ 842,911	\$ (15,716)
LICENSES, FEES AND PERMITS	473,250	473,250	476,607	3,357	-	-	-	-
INTERGOVERNMENTAL	1,120,000	1,187,000	1,039,803	(147,197)	-	-	-	-
CHARGES FOR SERVICE	31,000	31,000	29,460	(1,540)	-	-	-	-
FINES AND FORFEITURES	938,000	1,033,000	954,164	(78,836)	-	-	-	-
MISCELLANEOUS	550,145	550,145	419,074	(131,071)	161,413	161,413	-	(161,413)
INTEREST ON INVESTMENTS	14,000	14,000	19,182	5,182	1,450	1,450	6,281	4,831
TOTAL REVENUES	11,970,697	12,152,697	12,247,426	94,729	1,021,490	1,021,490	849,192	(172,298)
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	2,138,924	2,273,084	2,048,584	224,500	-	-	-	-
PUBLIC SAFETY	5,153,975	5,158,088	5,119,982	38,106	-	-	-	-
COMMUNITY DEVELOPMENT	600,936	635,936	624,544	11,392	362,831	362,831	418,367	(55,536)
STREETS AND HIGHWAYS	633,000	633,000	601,611	31,389	-	-	-	-
PARKS, RECREATION AND CULTURE	293,160	293,160	232,855	60,305	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	-	-	-
DEBT SERVICE - INTEREST	-	-	-	-	-	-	185,000	(185,000)
TOTAL EXPENDITURES	8,819,995	8,993,268	8,627,576	365,692	362,831	362,831	603,367	(240,536)
EXCESS OF REVENUES OVER EXPENDITURES	3,150,702	3,159,429	3,619,850	460,421	658,659	658,659	245,825	(412,834)
OTHER FINANCING USES								
ISSUANCE OF CONTRACTS	15,574	15,574	-	(15,574)	-	-	-	-
TRANSFERS OUT	(3,166,276)	(3,175,003)	(2,875,078)	299,925	(658,659)	(658,659)	(531,070)	127,589
TOTAL OTHER FINANCING USES	(3,150,702)	(3,159,429)	(2,875,078)	284,351	(658,659)	(658,659)	(531,070)	127,589
NET CHANGE IN FUND BALANCE	-	-	744,772	744,772	-	-	(285,245)	(285,245)
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	720,338	720,338	720,338	-	(3,155,778)	(3,155,778)	(3,155,778)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 720,338	\$ 720,338	\$ 1,465,110	\$ 744,772	\$ (3,155,778)	\$ (3,155,778)	\$ (3,441,023)	\$ (285,245)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 is responsible for establishing GAAP for state and local governments. Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. 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, 2011.

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, 2011.

The government-wide Statement of Net Assets 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 assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. The City first utilizes restricted resources to finance qualifying activities.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 Assets have been eliminated.

This government-wide focus is more on the sustainability of the City as an entity and the change in the City's net assets resulting from the current year's 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 position (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, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The emphasis in fund financial statements is on the major funds. Nonmajor funds are summarized into a single column. GAAP sets forth minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds.

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, 2011.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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, 2011

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.

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.

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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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.

Bond issue costs

Bond issuance costs are capitalized and amortized over the terms of the respective bonds using a method which approximates the effective interest method.

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 18% of the next year's budgeted revenues, the excess must be appropriated within the following two years.

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 1, 2011, the date the financial statements were available to be issued.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

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 amount 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, 2011 were \$481,867, approximately \$416,000 of which was exposed to custodial credit risk as uninsured and uncollateralized.

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 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 rate “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, 2011 are presented below:

Investment Type	Fair Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Utah Public Treasurer's Investment Fund	\$ 7,518,748	\$ 7,518,748	\$ -	\$ -	\$ -

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

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>	Fair Value	<u>Investment Maturities (in years)</u>			
		AAA	AA	A	Unrated
Utah Public Treasurer's Investment Fund	\$ 7,518,748	\$ -	\$ -	\$ -	\$7,518,748

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.

All of the City’s investments at June 30, 2011 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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the City’s investments at June 30, 2011 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, 2011) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2011, the City had \$7,518,748 invested in the PTIF which had a fair value of \$7,564,147 for a gain of \$45,399. Due to the insignificance of this amount in relation to the funds affected by the unrealized loss, 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	79.78%
Money Markets and commercial paper	16.78%
Certificates of deposit	3.12%
U.S. Government securities	0.32%
	<u>100.00%</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE D – RESTRICTED ASSETS AND FUND BALANCE

Cash and cash equivalents have been restricted as of June 30, 2011 for the following purposes and amounts as required by the provisions of the City’s various bond resolutions and other restrictions:

	Restricted Cash and Cash Equivalents	Reported as part of:	
		Restricted Fund Balance	Liabilities Payable From Restricted Assets
Excise tax bonds			
Debt service reserve	\$ 614,000	\$ 614,000	\$ -
Current debt service	284,227	284,227	-
Tax increment bonds			
Debt service reserve	601,773	601,773	-
Current debt service	92	92	-
Sales tax bonds			
Project account	695,267	695,267	-
Debt service reserve	904,047	904,047	-
Current debt service	789,835	789,835	-
Deposits	87,441	-	87,441
Tax increment revenues restricted for use in housing projects	-	438,785	-
	<u>\$ 3,976,682</u>	<u>\$ 4,328,026</u>	<u>\$ 87,441</u>

NOTE E – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following at June 30, 2011:

Unrestricted - expended prior to June 30, 2011	
Class C road revenues due from the State of Utah for the quarter ended June 30, 2011	\$ 159,822
Energy Efficiency Block Grant revenues due from the State of Utah for reimbursement of program expenditures	104,882
CDBG grant funds due for reimbursement of program expenditures	24,252
	<u>\$ 288,956</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2011 is as follows:

	<u>July 1, 2010</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2011</u>
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 8,203,100	\$ 365,000	\$ -	\$ 8,568,100
Construction in progress	12,181,274	2,375,898	-	14,557,172
Total nondepreciable capital assets	<u>\$ 20,384,374</u>	<u>\$ 2,740,898</u>	<u>\$ -</u>	<u>\$ 23,125,272</u>
Depreciable capital assets:				
Buildings and structures	\$ 9,472,544	\$ -	\$ -	\$ 9,472,544
Improvements, including infrastructure	4,922,528	-	-	4,922,528
Machinery, equipment and vehicles	812,125	381,602	-	1,193,727
Office furniture and equipment	507,929	-	-	507,929
Total depreciable capital assets at historical cost	<u>15,715,126</u>	<u>381,602</u>	<u>-</u>	<u>16,096,728</u>
Less accumulated depreciation:				
Buildings and structures	1,187,133	241,677	-	1,428,810
Improvements, including infrastructure	809,628	211,517	-	1,021,145
Machinery, equipment and vehicles	225,975	49,571	-	275,546
Office furniture and equipment	438,333	23,056	-	461,389
Total accumulated depreciation	<u>2,661,069</u>	<u>525,821</u>	<u>-</u>	<u>3,186,890</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 13,054,057</u>	<u>\$ (144,219)</u>	<u>\$ -</u>	<u>\$ 12,909,838</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 273,766
Public safety	27,621
Community development	2,637
Streets and highways, including infrastructure	174,528
Parks, recreation and culture	47,269
	<u>\$ 525,821</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2011:

Governmental activities

2004 Excise Tax Revenue Bonds	
\$8,400,000 excise tax term bonds due serially through December 1, 2024 with interest at 3.85%	\$ 6,505,000
2006 Tax Increment Revenue Bonds	
\$6,000,000 tax increment term bonds due serially through December 30, 2020 with interest at 4.9%	5,165,000
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%	7,746,987
Contract payable	
\$400,000 contract payable due July 15, 2012 with interest at 5%	400,000
Compensated absences	82,730
	<u>\$ 19,899,717</u>

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2011:

	Balance July 01, 2010	Additions	Deletions	Balance June 30, 2011	Current Amounts due
Excise Tax Bonds	\$ 6,850,000	\$ -	\$ 345,000	\$ 6,505,000	\$ 360,000
Tax Increment Bonds	5,430,000	-	265,000	5,165,000	390,000
Sales Tax Bonds	8,550,128	-	803,141	7,746,987	805,000
Contract payable	400,000	-	-	400,000	-
Compensated absences	87,007	65,255	69,532	82,730	62,048
	<u>\$ 21,317,135</u>	<u>\$ 65,255</u>	<u>\$ 1,482,673</u>	<u>\$ 19,899,717</u>	<u>\$ 1,617,048</u>

As of June 30, 2011, annual debt service requirements to maturity of governmental activities are as follows:

Year ending June 30,	Excise Tax Revenue Bonds		Tax Increment Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ 360,000	\$ 243,512	\$ 390,000	\$ 253,085
2013	375,000	229,363	410,000	233,975
2014	385,000	214,733	430,000	213,885
2015	400,000	199,622	450,000	192,815
2016	420,000	183,837	475,000	170,765
2017-2021	2,345,000	659,791	3,010,000	482,405
2022-2026	2,220,000	269,980	-	-
	<u>\$6,505,000</u>	<u>\$ 2,000,838</u>	<u>\$5,165,000</u>	<u>\$1,546,930</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE G – LONG-TERM DEBT – CONTINUED

Year ending June 30,	Contract Payable		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2012	\$ -	\$ 20,000	\$ 805,000	\$ 324,438
2013	400,000	-	835,000	291,638
2014	-	-	870,000	257,538
2015	-	-	910,000	215,113
2016	-	-	955,000	169,794
2017-2021	-	-	3,140,000	236,750
Plus unamortized premium	400,000	20,000	7,515,000	1,495,271
	-	-	231,987	(231,987)
	<u>\$ 400,000</u>	<u>\$ 20,000</u>	<u>\$7,746,987</u>	<u>\$1,263,284</u>

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

NOTE H – PLEDGED REVENUES

The City has pledged a portion of future sales tax revenues totaling \$8,410,647 to pay debt service on excise tax revenues bonds issued in November 2004. These bonds financed the acquisition and improvement of open space, city offices and other development projects. The bonds are payable solely from sales tax revenues. Sales tax revenues will be committed to the repayment of the bonds until November 2024. These revenues were projected to produce approximately 600% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$602,084 which equaled the amount of the pledged revenues for the year.

The City has also pledged future property tax revenues totaling \$6,711,930 to pay debt service on tax increment bonds issued in November 2006. Proceeds from these bonds were used to finance the Knudsen Park Economic Development Project. 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, principal and interest paid and total incremental property tax revenues were \$531,070 and \$842,911, respectively.

The City has pledged future Class C Road Funds totaling \$9,010,271 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 \$1,125,938, which equaled the amount of the pledged revenues for the year.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE I – RETIREMENT PLANS

Plan Description – The City contributes to the Local Governmental Noncontributory Retirement System, a cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement Systems (Systems). The Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor.

The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Government Noncontributory Retirement System. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah 84102 or by calling 1-800-365-8772.

Funding Policy – In the Local Governmental Noncontributory Retirement System the City is required to contribute 13.37 percent of plan members’ annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

The City contributions to the Local Governmental Noncontributory Retirement System for the years ended June 30, 2011, 2010 and 2009 were \$112,532, \$96,899, and \$99,620, respectively. The contributions were equal to the required contributions for the period.

NOTE J – 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’s total payroll for the year ended June 30, 2011, was \$979,435. Of that amount, \$717,391 was eligible to participate in the plan. 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, 2011, contributions totaling \$7,825 were made to the plan by employees and \$50,130 by the City.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE K – COMMITMENTS

The City has entered into contracts with Salt Lake County for various services including police protection and public works. The contracts of approximately \$3,600,000 for these services expire June 30, 2012.

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, 2011 through June 30, 2012, is approximately \$1,690,000.

The City has also entered into a contract with Salt Lake County for animal control services. The contract calls for annual payments of approximately \$86,000 and expires June 30, 2012.

NOTE L – 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>2011</u>	<u>2010</u>
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	10,524	3,669
Payments on claims during the year		
Payments made by insurance	-	-
Coinsurance and deductible insurance payments made by the City	10,524	3,669
Claims liability, June 30,	<u>\$ -</u>	<u>\$ -</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2011, are as follows:

<u>Due To Other Funds</u>	<u>Due From Other Funds</u>	<u>Amount</u>
Redevelopment Agency	General Fund	\$ 52,674
Redevelopment Agency	Capital Projects Fund	3,700,000
		<u>\$3,752,674</u>

The interfund receivables/payables consist of operating funds of \$52,674 loaned between 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 will be repaid at such time the revenues from a particular economic development area are sufficient to pay the principal amount due. In the meantime, interest is payable annually at a rate of 5%.

NOTE N - 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	\$ -	\$ 2,875,078
Capital Projects Fund	1,120,815	-
Redevelopment Agency	-	531,070
General Debt Service	1,754,263	-
Nonmajor governmental fund	531,070	-
	<u>\$ 3,406,148</u>	<u>\$ 3,406,148</u>

NOTE O – DEFICIT FUND BALANCE

The Redevelopment Agency experienced an operational deficit situation during the year ended June 30, 2011, showing a deficit fund balance of \$3,441,023. Management expects tax increment funds to be collected over the next several years which would eliminate the deficit and repay the interfund payable.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE P - 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, 2011, the following activity occurred in the City's Redevelopment Agency:

Tax increment collected from other taxing agencies for the project areas	<u><u>\$ 842,911</u></u>
Outstanding loans to finance RDA projects	<u><u>\$ 9,265,000</u></u>
Amounts expended for the acquisition of property	\$ -
Tax increments paid to other taxing agencies	404,563
Amounts expended for site improvements and preparation costs	5,253
Amounts expended for administrative costs	8,551
Amounts expended for debt service	<u>185,000</u>
	<u><u>\$ 603,367</u></u>
Amounts expended for installation of public utilities and other public improvements	<u><u>\$ -</u></u>

NOTE Q – IMPLEMENTATION OF NEW ACCOUNTING PRINCIPLE

For the year ending June 30, 2011, the City implemented GASB Statement No. 54, *Fund Balance reporting and Governmental Fund Type Definitions*. GASB Statement No. 54 establishes standards for fund balance classifications that comprise a hierarchy based primarily on the extent to which an organization is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Additionally, the Statement clarifies the definition of governmental fund types used in financial reporting.

The fund balances of the City have been classified according to Statement No. 54. The City had no additional reporting implications.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2011

NOTE R – SUBSEQUENT EVENTS

On November 16, 2011, the City will issue \$9,030,000 in Sales Tax Revenue Improvement and Refunding bonds. The Series 2011 bonds were issued to refund the City's 2004 sales tax revenue bonds and to finance the cost of acquiring, constructing and improving a new fire station and other improvements within the City. The bonds are due serially through November 2031 with interest rates ranging from 1.5% to 4.2%. \$6,145,657 of the proceeds from the issuance of the 2011 Series bonds will be combined with other moneys and will be used to refund all of the outstanding Series 2004 bonds. This refunding will result in a reduction in future cash flows of \$1,265,018 and an economic gain of \$1,020,287.

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
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2010**

	2011			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2010
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
TAXES					
PROPERTY TAXES	\$ 3,948,042	\$ 3,948,042	\$ 4,062,498	\$ 114,456	\$ 3,884,909
FEES IN LIEU OF TAXES	150,000	170,000	274,057	104,057	255,093
GENERAL SALES TAX	2,756,260	2,756,260	2,821,411	65,151	2,790,735
TRANSIENT ROOM TAX	35,000	35,000	36,599	1,599	34,325
FRANCHISE TAX	1,955,000	1,955,000	2,114,571	159,571	1,911,489
TOTALS	8,844,302	8,864,302	9,309,136	444,834	8,876,551
LICENSES, FEES AND PERMITS					
BUSINESS AND ANIMAL LICENSES	146,000	146,000	187,764	41,764	185,435
BUILDING PERMITS	327,250	327,250	288,843	(38,407)	320,090
TOTALS	473,250	473,250	476,607	3,357	505,525
INTERGOVERNMENTAL REVENUE					
CLASS "C" ROAD FUNDS	786,000	786,000	820,704	34,704	793,734
OTHER GRANTS	334,000	401,000	219,099	(181,901)	96,184
TOTALS	1,120,000	1,187,000	1,039,803	(147,197)	889,918
CHARGES FOR SERVICE					
LAND USE FEES	25,000	25,000	26,730	1,730	32,150
OTHER SERVICE REVENUE	6,000	6,000	2,730	(3,270)	5,526
TOTALS	31,000	31,000	29,460	(1,540)	37,676
FINES AND FORFEITURES					
COURTS FINES AND FORFEITURES	938,000	1,033,000	954,164	(78,836)	882,493
MISCELLANEOUS REVENUE					
MISCELLANEOUS	550,145	550,145	419,074	(131,071)	48,879
INTEREST ON INVESTMENTS	14,000	14,000	19,182	5,182	22,067
TOTALS	564,145	564,145	438,256	(125,889)	70,946
TOTAL REVENUES	11,970,697	12,152,697	12,247,426	94,729	11,263,109

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	2011			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2010
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES					
GENERAL GOVERNMENT					
COURT					
PERSONNEL	313,480	313,480	309,278	4,202	285,782
OPERATIONS AND MAINTENANCE	532,245	632,245	525,813	106,432	503,117
CAPITAL	-	-	-	-	-
TOTAL	845,725	945,725	835,091	110,634	788,899
ADMINISTRATIVE					
PERSONNEL	519,592	519,592	492,994	26,598	465,225
OPERATIONS AND MAINTENANCE	534,830	554,830	475,433	79,397	432,841
CAPITAL	500	500	521	(21)	200
TOTAL	1,054,922	1,074,922	968,948	105,974	898,266
TREASURY					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	14,000	14,000	13,575	425	13,575
CAPITAL	-	-	-	-	-
TOTAL	14,000	14,000	13,575	425	13,575
MAYORAL					
PERSONNEL	22,861	22,861	19,714	3,147	20,154
OPERATIONS AND MAINTENANCE	2,400	2,400	2,400	-	2,400
CAPITAL	-	-	-	-	-
TOTAL	25,261	25,261	22,114	3,147	22,554
LEGISLATIVE					
PERSONNEL	71,898	71,898	68,204	3,694	71,562
OPERATIONS AND MAINTENANCE	54,618	54,618	51,039	3,579	90,918
CAPITAL	-	-	-	-	-
TOTAL	126,516	126,516	119,243	7,273	162,480
FACILITIES MAINTENANCE					
PERSONNEL	5,000	5,000	5,000	-	5,000
OPERATIONS AND MAINTENANCE	67,500	81,660	84,613	(2,953)	74,478
CAPITAL	-	-	-	-	-
TOTAL	72,500	86,660	89,613	(2,953)	79,478
TOTAL GENERAL GOVERNMENT	2,138,924	2,273,084	2,048,584	224,500	1,965,252
PUBLIC SAFETY					
POLICE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	3,187,227	3,191,340	3,191,340	-	3,262,848
CAPITAL	-	-	-	-	-
TOTAL	3,187,227	3,191,340	3,191,340	-	3,262,848

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	2011			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2010
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
FIRE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	1,873,998	1,873,998	1,840,904	33,094	1,842,429
CAPITAL	-	-	-	-	-
TOTAL	<u>1,873,998</u>	<u>1,873,998</u>	<u>1,840,904</u>	<u>33,094</u>	<u>1,842,429</u>
ANIMAL CONTROL					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	92,750	92,750	87,738	5,012	92,700
CAPITAL	-	-	-	-	-
TOTAL	<u>92,750</u>	<u>92,750</u>	<u>87,738</u>	<u>5,012</u>	<u>92,700</u>
TOTAL PUBLIC SAFETY	<u>5,153,975</u>	<u>5,158,088</u>	<u>5,119,982</u>	<u>38,106</u>	<u>5,197,977</u>
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	6,350	6,350	1,594	4,756	4,920
CAPITAL	-	-	-	-	-
TOTAL	<u>6,350</u>	<u>6,350</u>	<u>1,594</u>	<u>4,756</u>	<u>4,920</u>
INSPECTIONS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	160,000	160,000	160,000	-	198,000
CAPITAL	-	-	-	-	-
TOTAL	<u>160,000</u>	<u>160,000</u>	<u>160,000</u>	<u>-</u>	<u>198,000</u>
ECONOMIC DEVELOPMENT					
PERSONNEL	375,956	410,956	409,618	1,338	392,336
OPERATIONS AND MAINTENANCE	58,630	58,630	53,332	5,298	64,599
CAPITAL	-	-	-	-	-
TOTAL	<u>434,586</u>	<u>469,586</u>	<u>462,950</u>	<u>6,636</u>	<u>456,935</u>
TOTAL COMMUNITY DEVELOPMENT	<u>600,936</u>	<u>635,936</u>	<u>624,544</u>	<u>11,392</u>	<u>659,855</u>
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	633,000	633,000	601,611	31,389	471,535
CAPITAL	-	-	-	-	-
TOTAL STREETS AND HIGHWAYS	<u>633,000</u>	<u>633,000</u>	<u>601,611</u>	<u>31,389</u>	<u>471,535</u>

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2010

	2011			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2010
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL	115,000	115,000	95,271	19,729	142,060
OPERATION AND MAINTENANCE	68,660	68,660	62,854	5,806	79,543
CAPITAL	-	-	-	-	-
TOTAL	<u>183,660</u>	<u>183,660</u>	<u>158,125</u>	<u>25,535</u>	<u>221,603</u>
COMMUNITY ARTS AND EVENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	109,500	109,500	74,730	34,770	108,512
CAPITAL	-	-	-	-	-
TOTAL	<u>109,500</u>	<u>109,500</u>	<u>74,730</u>	<u>34,770</u>	<u>108,512</u>
TOTAL PARKS, RECREATION AND CULTURE	<u>293,160</u>	<u>293,160</u>	<u>232,855</u>	<u>60,305</u>	<u>330,115</u>
TOTAL EXPENDITURES	<u>8,819,995</u>	<u>8,993,268</u>	<u>8,627,576</u>	<u>365,692</u>	<u>8,624,734</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>3,150,702</u>	<u>3,159,429</u>	<u>3,619,850</u>	<u>460,421</u>	<u>2,638,375</u>
OTHER FINANCING USES					
TRANSFERS IN	15,574	15,574	-	(15,574)	-
TRANSFERS OUT	(3,166,276)	(3,175,003)	(2,875,078)	(299,925)	(3,636,640)
TOTAL OTHER FINANCING USES	<u>(3,150,702)</u>	<u>(3,159,429)</u>	<u>(2,875,078)</u>	<u>(315,499)</u>	<u>(3,636,640)</u>
NET CHANGE IN FUND BALANCE	-	-	744,772	744,772	(998,265)
FUND BALANCE AT BEGINNING OF YEAR	<u>720,338</u>	<u>720,338</u>	<u>720,338</u>	-	<u>1,718,603</u>
FUND BALANCE AT END OF YEAR	<u>\$ 720,338</u>	<u>\$ 720,338</u>	<u>\$ 1,465,110</u>	<u>\$ 744,772</u>	<u>\$ 720,338</u>

**CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2011
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2010**

	2011			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2010
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
LICENSES, FEES AND PERMITS					
IMPACT FEES	\$ 20,000	\$ 20,000	\$ 38,123	\$ 18,123	\$ 22,309
INTERGOVERNMENTAL					
FEDERAL GRANTS	-	3,135,000	2,435,857	(699,143)	4,981,680
OTHER GRANTS	-	-	-	-	-
MISCELLANEOUS REVENUE					
SALE OF CAPITAL ASSETS	-	-	-	-	-
REIMBURSEMENT FROM DEVELOPER	3,815,000	3,815,000	-	(3,815,000)	-
INTEREST ON INVESTMENTS	185,000	185,000	198,455	13,455	232,657
TOTAL REVENUES	<u>4,020,000</u>	<u>7,155,000</u>	<u>2,672,435</u>	<u>(4,482,565)</u>	<u>5,236,646</u>
EXPENDITURES					
DEBT SERVICE					
PRINCIPAL	33,815	33,815	-	33,815	-
BOND ISSUANCE COSTS	-	-	-	-	-
INTEREST AND FISCAL CHARGES	20,000	20,000	20,000	-	20,000
TOTAL DEBT SERVICE	<u>53,815</u>	<u>53,815</u>	<u>20,000</u>	<u>33,815</u>	<u>20,000</u>
CAPITAL OUTLAY					
PARK IMPROVEMENTS	-	-	-	-	-
STORM DRAIN IMPROVEMENTS	50,000	50,000	41,699	8,301	37,186
STREETS IMPROVEMENTS	4,150,000	6,920,000	4,064,346	2,855,654	5,577,780
LAND AND BUILDING ACQUISITION	845,000	845,000	1,464,272	(619,272)	3,662,167
OTHER	22,000	387,000	497,314	(110,314)	19,069
TOTAL CAPITAL OUTLAY	<u>5,067,000</u>	<u>8,202,000</u>	<u>6,067,631</u>	<u>2,134,369</u>	<u>9,296,202</u>
TOTAL EXPENDITURES	<u>5,120,815</u>	<u>8,255,815</u>	<u>6,087,631</u>	<u>2,168,184</u>	<u>9,316,202</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(1,100,815)</u>	<u>(1,100,815)</u>	<u>(3,415,196)</u>	<u>(2,314,381)</u>	<u>(4,079,556)</u>
OTHER FINANCING SOURCES (USES)					
TRANSFERS IN	1,120,815	1,120,815	1,120,815	-	1,685,024
TRANSFERS OUT	(20,000)	(20,000)	-	20,000	(22,309)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,100,815</u>	<u>1,100,815</u>	<u>1,120,815</u>	<u>20,000</u>	<u>1,662,715</u>
NET CHANGE IN FUND BALANCE	-	-	(2,294,381)	(2,294,381)	(2,416,841)
FUND BALANCE AT BEGINNING OF YEAR	<u>9,799,239</u>	<u>9,799,239</u>	<u>9,799,239</u>	<u>-</u>	<u>12,216,080</u>
FUND BALANCE AT END OF YEAR	<u>\$ 9,799,239</u>	<u>\$ 9,799,239</u>	<u>\$ 7,504,858</u>	<u>\$ (2,294,381)</u>	<u>\$ 9,799,239</u>