

Supplemental

Continuing Disclosure Memorandum

**Summary of Debt Structure and Financial Information
SEC Rule 15c2-12**

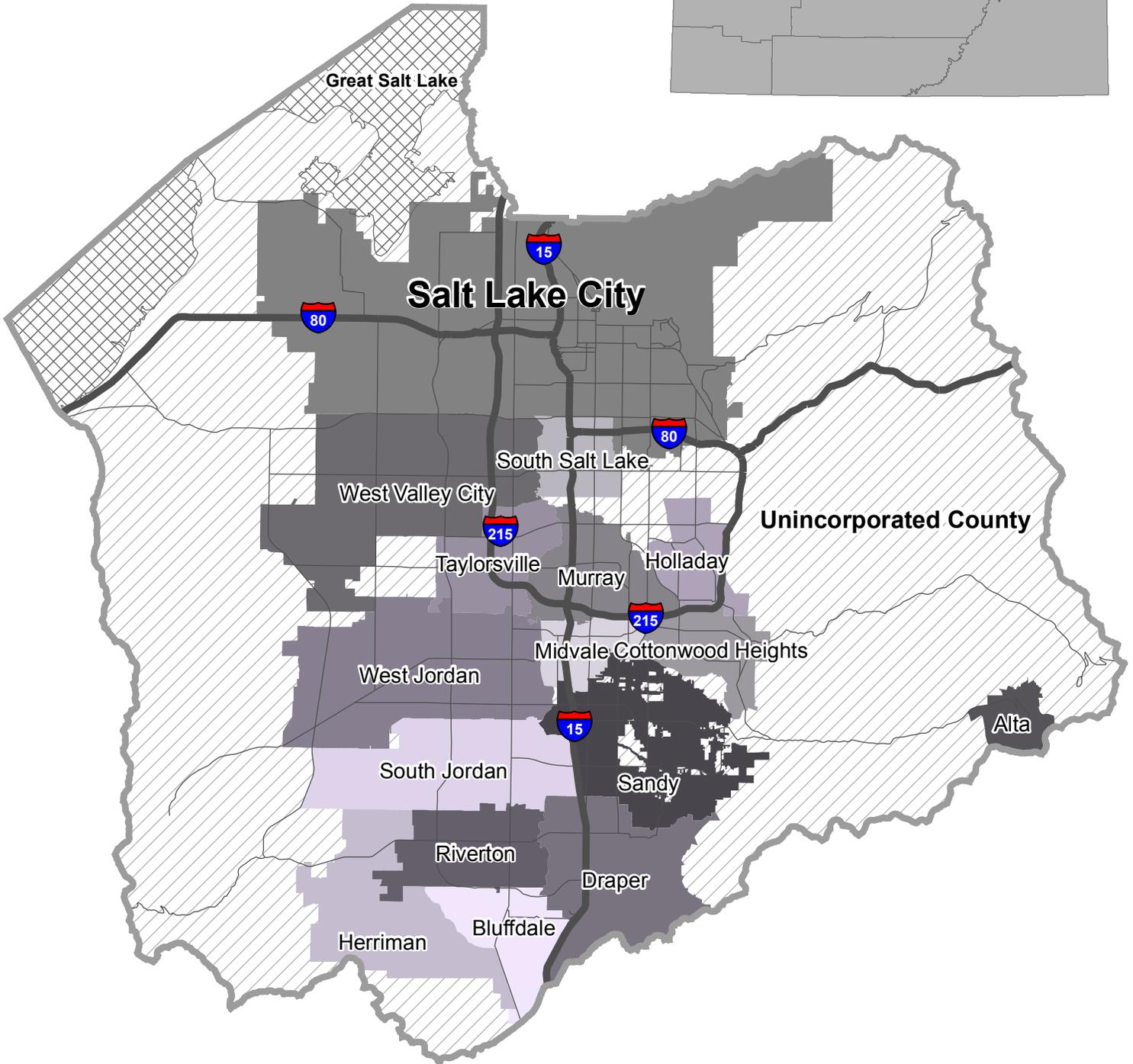
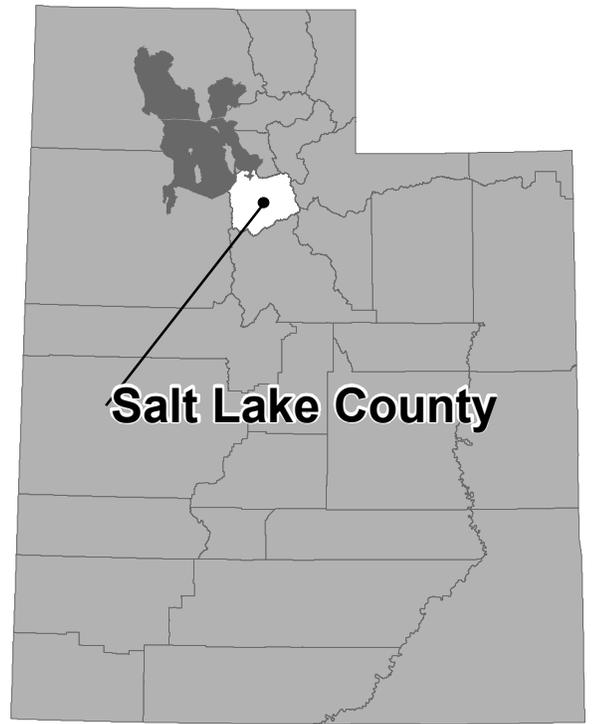
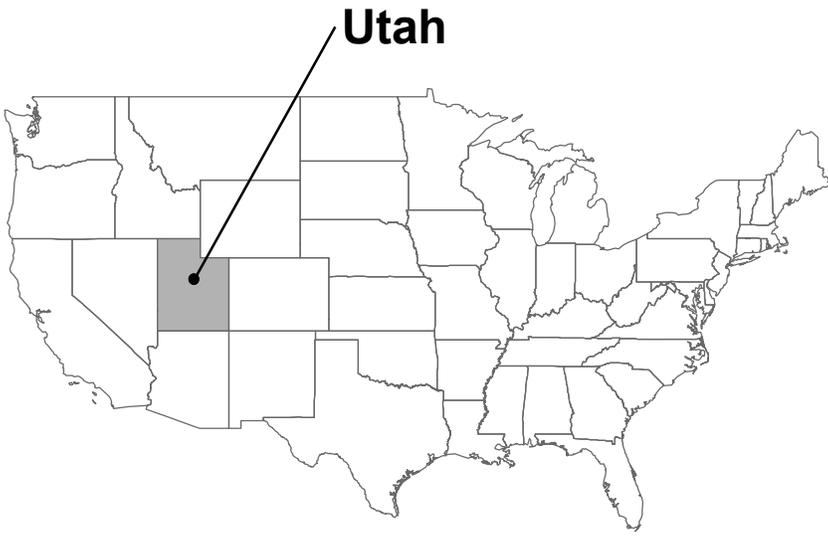
For

City of Holladay, Utah

Filed with

Electronic Municipal Market Access (“EMMA”)
emma.msrb.org

**Submitted and dated as of January 08, 2013
(Submission required by January 15, 2013)**



(This page has been intentionally left blank.)

Table Of Contents

	<u>Page</u>
GENERAL.....	1
Contact Person for the City	1
The Issue.....	1
\$8,935,000 City of Holladay, Utah Sale Tax Revenue Improvement and Refunding	
Bonds, Series 2011	1
INFORMATION SPECIFIC TO THE BONDS	3
Local Sales Tax Collections	3
Municipal Energy Tax Collections.....	3
SPECIAL REVENUES FOR THE SERIES 2008 BONDS	4
Historical Class C Road Funds Received by the City	4
DEBT STRUCTURE OF THE CITY OF HOLLADAY, UTAH	4
Outstanding Municipal Debt Of The City	4
FINANCIAL INFORMATION REGARDING THE CITY.....	5
Five-Year Financial Summary.....	5
Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund.....	6
Balance Sheet-General Fund	7
Taxable, Fair Market And Market Value Of Property	8
DEBT SERVICE COVERAGE.....	8
Historical Debt Service Coverage	9
THE CITY’S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2012	10

GENERAL

Contact Person for the City

As of the date of this Supplemental Continuing Disclosure Memorandum, the chief contact person for City of Holladay, Utah (the “City”) is:

Randy Fitts, City Manager
rfitts@cityofholladay.com
City of Holladay
4580 S 2300 E
Holladay UT 84117
801.272.9450 | f 801.272.9384

The City maintains an internet site that may be accessed at cityofholladay.com. *The information available at this internet site is provided by the City in the course of its normal operations and has not necessarily been reviewed for accuracy or completeness. Such information has not been provided and is not a part of this Supplemental Continuing Disclosure Memorandum.*

When used herein the terms “Fiscal Year[s] 20YY,” and “Fiscal Year[s] End[ed][ing] June 30, 20YY” shall refer to the year ended or ending on June 30 of the year indicated and beginning on July 1 of the preceding year and the terms “Calendar Year[s] 20YY” or “Calendar Year[s] End[ed][ing] December 31, 20YY” shall refer to the year beginning on January 1 and ending on December 31 of the year indicated.

The Issue

The City is providing continuing disclosure on the following bond issue:

\$8,935,000
City of Holladay, Utah
Sale Tax Revenue Improvement and Refunding Bonds, Series 2011

Bonds issued and dated on: November 16, 2011
CUSIP numbers on the bonds are provided below.

Background Information. The Bonds, as defined herein, were awarded pursuant to competitive bidding received by means of the PARITY® electronic bid submission system on November 3, 2011 to Zions Bank, Salt Lake City, Utah, at a “true interest cost” of 2.89%. Zions Bank Public Finance, Salt Lake City, Utah, acted as Financial Advisor.

The \$8,935,000 Sales Tax Revenue Improvement and Refunding Bonds, Series 2011, dated November 16, 2011 (the “Bonds”), are issued as fully-registered bonds and when initially issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which is acting as securities depository for the Bonds.

Principal of and interest on the Bonds (interest payable May 15 and November 15 of each year) are payable by Zions Bank, Corporate Trust Department, Salt Lake City, Utah (“Zions Bank”), as Trustee, to the registered owners thereof, currently DTC.

Optional Redemption. The Bonds maturing on or after November 15, 2022, are subject to redemption at the election of the City on any date on or after November 15, 2021, in whole or in part (if in part, such Bonds to be redeemed will be selected from such maturities as are determined by the City in its discretion and within each maturity as selected by the Trustee), upon notice as provided below. Such optional redemption of the Bonds will be at the redemption price equal to the principal amount thereof, but without premium, plus accrued interest thereon to the redemption date.

Current Maturity Schedule.

Current principal outstanding: \$8,575,000

Original issue amount: \$8,935,000

Dated: November 3, 2011

Due: November 15, as shown below

Due November 15	CUSIP 43510M	Principal Amount	Original Interest Rate		Due November 15	CUSIP 43510M	Principal Amount	Original Interest Rate
2013.....	AM 6	\$365,000	2.50%		2023.....	AX 2	\$475,000	3.00 %
2014.....	AN 4	370,000	2.50		2024.....	AY 0	490,000	3.00
2015.....	AP 9	385,000	2.50		2025.....	AZ 7	510,000	3.00
2016.....	AQ 7	395,000	2.50		2026.....	BA 1	525,000	3.125
2017.....	AR 5	400,000	2.50		2027.....	BB 9	545,000	3.20
2018.....	AS 3	415,000	3.00		2028.....	BC 7	560,000	3.30
2019.....	AT 1	425,000	3.00		2029.....	BD 5	580,000	3.50
2020.....	AU 8	440,000	3.00		2030.....	BE 3	605,000	3.50
2021.....	AV 6	450,000	3.00		2031.....	BF 0	175,000	3.75
2022.....	AW 4	465,000	3.00					

Bank Qualified Obligations. The Bonds are “qualified tax–exempt obligations” within the meaning of Section 265(b)(3) of the Internal Revenue Code of 1986.

Security. The Bonds are special limited obligations of the City, payable solely from and secured by a pledge of the revenues, moneys, securities and funds pledged therefor in the Indenture. The revenues consist of the Pledged Taxes. No assurance can be given that the Pledged Taxes will remain sufficient for the payment of principal and interest on the Bonds and the City is limited by Utah law in its ability to increase the rate of such taxes. The Bonds do not constitute general obligation indebtedness or a pledge of the ad valorem taxing power or full faith and credit of the City, and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in all or any portion of the improvements financed or refinanced with the proceeds of the Bonds to secure payment of the Bonds.

(The remainder of this page has been intentionally left blank.)

INFORMATION SPECIFIC TO THE BONDS

Local Sales Tax Collections

The following table shows the amount of local sales taxes collected and received by the City from the Utah State Tax Commission for the Fiscal Years indicated:

<u>Fiscal Year Ended June 30</u>	<u>Local Sales Taxes</u>	<u>% Increase (Decrease) from Prior Year</u>
2012	\$3,054,148	8.2%
2011.....	2,821,384	1.1
2010	2,790,735	(9.4)
2009	3,081,710	(13.6)
2008	3,566,096	0.0
2007	3,566,144	10.5
2006	3,226,041	21.0
2005	2,665,124	(0.3)
2004	2,671,750	-

(Source: The City.)

Municipal Energy Tax Collections

The following table shows the amounts of Municipal Energy Taxes received by the City for the Fiscal Years indicated:

<u>Fiscal Year Ended June 30</u>	<u>Municipal Energy Taxes</u>	<u>% Increase (Decrease) from Prior Year</u>
2012	\$1,424,357	(1.7)%
2011.....	1,448,706	7.5
2010	1,347,790	50.3
2009 (1).....	896,535	-

(1) The City began receiving Municipal Energy Taxes in November 2008.

(Source: The City.)

(The remainder of this page has been intentionally left blank.)

SPECIAL REVENUES FOR THE SERIES 2008 BONDS

Historical Class C Road Funds Received by the City

The following table summarizes the amount of Class C Road Funds received by the City for expenditure on its class C roads for the Fiscal Years shown:

<u>Fiscal Year</u> <u>Ended June 30</u>	<u>Class C</u> <u>Road Funds</u>	<u>% Increase (Decrease)</u> <u>from Prior Year</u>
2012	\$846,820	3.2%
2011.....	820,704	3.4
2010	793,734	0.6
2009	789,252	(14.0)
2008	917,969	1.2
2007	906,673	15.2
2006	786,757	19.4
2005	659,116	(15.1)
2004	776,716	47.8
2003	525,429	-

(Source: The City.)

DEBT STRUCTURE OF THE CITY OF HOLLADAY, UTAH

Outstanding Municipal Debt Of The City

Outstanding Sales Tax Revenue Bonded Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Final</u> <u>Maturity Date</u>	<u>Current</u> <u>Principal</u> <u>Outstanding</u>
2011 (1).....	Road projects	\$8,935,000	November 15, 2031	\$ 8,575,000
2008 (1).....	Road projects	9,025,000	October 1, 2018	<u>6,710,000</u>
Total.....				<u>\$15,285,000</u>

(1) Rated "AA" by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P"), as of the date of Supplemental Continuing Disclosure Memorandum.

Outstanding Redevelopment Agency of Holladay City, Utah Tax Increment Bond Indebtedness

<u>Series</u>	<u>Purpose</u>	<u>Original</u> <u>Principal</u> <u>Amount</u>	<u>Final</u> <u>Maturity Date</u>	<u>Current</u> <u>Principal</u> <u>Outstanding</u>
2006 (1).....	Building	\$6,000,000	December 30, 2020	<u>\$4,775,000</u>

(1) Not rated; no rating applied for. These bonds were privately placed.

FINANCIAL INFORMATION REGARDING THE CITY

Five-Year Financial Summary

The summaries contained herein were extracted from the City's basic financial statements for Fiscal Years 2012 through 2008. The summaries itself have not been audited.

(The remainder of this page has been intentionally left blank.)

Holladay City

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Fund—General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2012	2011	2010	2009	2008
Revenues:					
Taxes (pledged as security for sales and excise tax bonds).....	\$ 9,388,320	\$ 9,309,136	\$ 8,876,551	\$ 8,755,182	\$ 8,415,059
Licenses and permits.....	624,030	476,607	505,525	665,999	639,777
Intergovernmental.....	898,574	1,039,803	889,918	888,050	981,429
Charges for services.....	52,227	29,460	37,676	61,484	60,369
Fines and forfeitures.....	988,840	954,164	882,493	629,692	618,490
Miscellaneous.....	57,455	419,074	48,879	42,235	57,204
Interest on investments.....	25,861	19,182	22,067	84,467	209,295
Total revenues.....	<u>12,035,307</u>	<u>12,247,426</u>	<u>11,263,109</u>	<u>11,127,109</u>	<u>10,981,623</u>
Expenditures:					
Current:					
General government.....	2,093,993	2,048,584	1,965,252	1,837,110	1,906,209
Public safety.....	5,081,262	5,119,982	5,197,977	5,263,464	4,903,866
Community development.....	613,540	624,544	659,855	706,471	726,465
Streets and highways.....	712,505	601,611	471,535	671,772	1,282,045
Parks, recreation and culture.....	302,996	232,855	330,115	328,027	369,776
Total expenditures.....	<u>8,804,296</u>	<u>8,627,576</u>	<u>8,624,734</u>	<u>8,806,844</u>	<u>9,188,361</u>
Excess of revenues over (under) expenditures.....	<u>3,231,011</u>	<u>3,619,850</u>	<u>2,638,375</u>	<u>2,320,265</u>	<u>1,793,262</u>
Other financing sources (uses):					
Transfers in.....	-	-	-	-	-
Transfers out.....	<u>(2,340,172)</u>	<u>(2,875,078)</u>	<u>(3,636,640)</u>	<u>(3,146,000)</u>	<u>(1,167,317)</u>
Total other financing sources (uses).....	<u>(2,340,172)</u>	<u>(2,875,078)</u>	<u>(3,636,640)</u>	<u>(3,146,000)</u>	<u>(1,167,317)</u>
Net change in fund balance.....	890,839	744,772	(998,265)	(825,735)	625,945
Fund balance at beginning of year (as adjusted).....	1,465,110	720,338	1,718,603	2,544,338	1,918,393
Fund balance at end of year.....	<u>\$ 2,355,949</u>	<u>\$ 1,465,110</u>	<u>\$ 720,338</u>	<u>\$ 1,718,603</u>	<u>\$ 2,544,338</u>

(Source: Information extracted from the City's basic financial statements which have been audited.)

Holladay City

Balance Sheet—Governmental Funds

General Fund

(This summary has not been audited)

	Fiscal Year Ended June 30				
	2012	2011	2010	2009	2008
Assets					
Cash and cash equivalents.....	\$ 1,426,202	\$ 483,850	\$ 301,781	\$ 1,819,092	\$ 1,674,482
Receivables:					
Taxes.....	4,853,247	4,713,884	4,577,574	4,524,956	5,004,515
Intergovernmental.....	163,716	184,074	191,576	191,992	235,827
Other.....	9,462	11,257	6,802	4,150	4,042
Special Assessment.....	3,927	7,927	9,927	14,624	16,651
Due from other funds.....	52,674	52,674	52,674	–	–
Prepaid expenses.....	–	–	–	14,387	–
Restricted assets:					
Cash and cash equivalents.....	84,091	87,441	–	168,903	242,978
Intergovernmental receivables.....	–	–	–	–	145,000
Total assets.....	\$6,593,319	\$5,541,107	\$5,140,334	\$6,738,104	\$7,323,495
Liabilities:					
Accounts payable.....	\$ 139,198	\$ 76,275	\$ 287,401	\$ 899,233	\$ 402,071
Accrued liabilities.....	12,154	6,226	62,045	40,730	37,899
Deposits (payable from restricted assets).....	84,091	87,441	112,581	168,903	242,978
Deferred revenue.....	4,001,927	3,906,055	3,957,969	3,910,635	4,096,209
Total liabilities.....	4,237,370	4,075,997	4,419,996	5,019,501	4,779,157
Fund balances:					
Unassigned.....	2,355,949	1,465,110	720,338	1,718,603	2,544,338
Total liabilities and fund balance.....	\$6,593,319	\$5,541,107	\$5,140,334	\$6,738,104	\$7,323,495

(Source: Information extracted from the City's basic financial statements which have been audited.)

Taxable, Fair Market And Market Value Of Property

<u>Year</u>	<u>Taxable Value (1)</u>	<u>% Change Over Prior Year</u>	<u>Fair Market/ Market Value (2)</u>	<u>% Change Over Prior Year</u>
2012 (3).....	\$2,392,490,737	(0.7)%	\$3,907,552,494	(0.7)%
2011	2,410,414,362	(1.6)	3,935,287,282	(1.4)
2010	2,449,834,596	(6.9)	3,990,379,016	(6.7)
2009	2,631,885,529	(15.6)	4,278,739,827	(15.4)
2008	3,119,367,328	11.1	5,056,976,096	10.2
2007	2,808,248,071	18.0	4,590,049,398	18.5

- (1) Taxable valuation includes redevelopment agency valuation. The estimated redevelopment agency valuation for Calendar Year 2012 is approximately \$78.0 million; for Calendar Year 2011 is approximately \$82.3 million; for Calendar Year 2010 was approximately \$79.8 million; for Calendar Year 2009 was approximately \$77.8 million; for Calendar Year 2008 was approximately \$79.4 million; and for Calendar Year 2007 was approximately \$40.3 million. (Source: Reports from the State Tax Commission.)
- (2) Estimated fair market values were calculated by dividing the taxable value of primary residential property by 55%, which eliminates the 45% exemption on primary residential property granted under the Property Tax Act. (Source: Financial Advisor.)
- (3) Preliminary; subject to change.

DEBT SERVICE COVERAGE

Although not required under the continuing disclosure undertaking for the Bonds, the following table, is provided by the City for historical information purposes to show debt service coverage.

(The remainder of this page has been intentionally left blank.)

Historical Debt Service Coverage

The following table shows the debt service requirement for the Sales Tax Bonds, the historical Pledged Taxes and the historical debt service coverage for the relevant Fiscal Year with respect to such bonds.

Fiscal Year Ending June 30	The Bonds						Pledged Sales and Use Taxes (3)	Debt Service Cover- age (4)	Rate Covenant Require- ment (5)
	2011 Bonds	2008 Bonds		2004 Bonds		Total			
	2011 Bonds Total Debt Service	2008 Bonds Debt Service	B&C Road Revenues dedicated to 2008 Bonds	2008 Bonds Debt Service not covered by Road Funds (1)	2004 Bonds Total Debt Service	Debt Debt Service (2)			
2011.....	\$ 0	\$ 1,125,938	\$ (820,704)	\$ 305,234	\$ 602,084	\$ 907,318	\$4,270,090	4.7 X	2.0 X
2012.....	132,927	1,129,438	(846,820) (6)	282,618	125,221	540,766	4,478,505	8.3	2.0
2013.....	622,839	1,126,638	(846,820) (6)	279,818	0 (7)	902,657			
2014.....	618,776	1,127,538	(846,820) (6)	280,718	0 (7)	899,494			
2015.....	614,589	1,125,113	(846,820) (6)	278,293	0 (7)	892,882			
2016.....	620,151	1,124,794	(846,820) (6)	277,974	0 (7)	898,125			
2017.....	620,401	1,128,250	(846,820) (6)	281,430	0 (7)	901,831			
2018.....	615,464	1,121,000	(846,820) (6)	274,180	0 (7)	889,644			
2019.....	619,239	1,127,500	(846,820) (6)	280,680	0 (7)	899,919			
2020.....	616,639	–	–	–	0 (7)	616,639			
2021.....	618,664	–	–	–	0 (7)	618,664			
2022.....	615,314	–	–	–	0 (7)	615,314			
2023.....	616,589	–	–	–	0 (7)	616,589			
2024.....	612,489	–	–	–	0 (7)	612,489			
2025.....	613,014	–	–	–	0 (7)	613,014			
2026.....	618,014	–	–	–	–	618,014			
2027.....	617,161	–	–	–	–	617,161			
2028.....	620,238	–	–	–	–	620,238			
2029.....	617,278	–	–	–	–	617,278			
2030.....	617,888	–	–	–	–	617,888			
2031.....	622,150	–	–	–	–	622,150			
2032.....	178,281	–	–	–	–	178,281			

(1) Represents the portion of the debt service on the 2008 Bonds that is not covered by Class C Road Funds received by the City each Fiscal Year.

(2) Represents debt service on the 2011 Bonds, the 2008 Bonds (that is not covered by Class C Road Funds) and the 2004 Bonds.

(3) Pledged Sales and Use Taxes consist of the Local Sales Taxes and the Municipal Energy Taxes.

(4) Multiple of which Pledged Sales and Use Taxes exceed Total Debt Service.

(5) Rate covenant requirement as required under the indenture.

(6) Preliminary; subject to change. Each Fiscal Year amount will change based on actual B&C Road Revenues received. For purposes of this table, future B&C Road Revenues are based on actual B&C Road Revenues received in the prior Fiscal Year.

(7) Principal and interest was refunded by the 2011 Bonds.

THE CITY'S ANNUAL FINANCIAL REPORT FOR FISCAL YEAR 2012

Included with this supplement is the City's Financial Statements for Fiscal Year 2012.

Additionally, the current and historical financial reports of the City may be found on the "world wide web" at the State of Utah, State Auditor's internet site at:

sao.state.ut.us

(The remainder of this page has been intentionally left blank.)

CITY OF HOLLADAY

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

JUNE 30, 2012

Osborne, Robbins & Buhler, PLLC

CITY OF HOLLADAY

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

JUNE 30, 2012

Table of Contents

	<u>Page</u>
Report of Independent Certified Public Accountants	1
Required Supplementary Information	
Management's Discussion and Analysis	3
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets	12
Statement of Activities	13
Fund Financial Statements	
Governmental Funds	
Balance Sheet	14
Statement of Revenues, Expenditures and Changes in Fund Balances	15
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund and Redevelopment Agency	16
Notes to Basic Financial Statements	17
Supplementary Individual Fund Schedules	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	36
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - Capital Projects Fund	40

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

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, 2012, 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, 2012, 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 December 27, 2012 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 on 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. The information has been subjected to the auditing procedures applied in the audit of 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

December 27, 2012

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

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, 2012. 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 \$25,102,561 (\$24,718,036 in 2011) (*net assets*), consisting of \$21,898,172 (\$23,756,549 in 2011) in capital assets net of related debt, \$2,848,775 (\$3,370,927 in 2011) in restricted net assets and \$355,614 in unrestricted net assets. (There was a deficit in unrestricted net assets of \$2,409,440 in 2011).
- The City's governmental funds reported combined fund balances of \$11,052,064 (\$8,473,940 in 2011). \$12,824,109 (\$11,490,503 in 2011) is restricted as to use, leaving a deficit in unassigned fund balance of \$1,772,045 which is a decrease in the deficit from 2011 by \$1,244,518.
- The City's general fund balance increased by \$890,839 due primarily to a decrease in transfers made to other funds as compared to 2011.
- The City received approximately \$500,000 in federal grant funds for use in the Holladay Village Center project.
- The City issued \$8,935,000 Sales Tax Revenue bonds during fiscal 2012. Approximately \$6,000,000 of that amount was used to refund the City's 2004 Excise Tax Revenue Bonds. The remaining bond proceeds will be used to construct a fire station within the City.

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, 2012

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, 2012**

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 \$25,102,561 at the close of the most recent year (\$24,718,036 as of June 30, 2011.)

As of June 30, 2012, 87.23% (96.1% as of June 30, 2011) 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		2012	2011
Net Assets		<u>2012</u>	<u>2011</u>
Current and other assets		\$ 16,781,824	\$ 14,352,653
Capital assets		<u>35,239,720</u>	<u>36,035,110</u>
Total assets		<u>52,021,544</u>	<u>50,387,763</u>
Long-term liabilities outstanding		21,315,586	19,899,717
Other liabilities		<u>5,603,397</u>	<u>5,770,010</u>
Total liabilities		<u>26,918,983</u>	<u>25,669,727</u>
Net assets:			
Invested in capital assets, net of related debt		21,898,172	23,756,549
Restricted		2,848,775	3,370,927
Unrestricted		<u>355,614</u>	<u>(2,409,440)</u>
Total net assets		<u>\$ 25,102,561</u>	<u>\$ 24,718,036</u>

A portion of the City's net assets (11.3% in 2012 and 13.6% in 2011) 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, 2012 the City has \$355,614 in unrestricted net assets. (Unrestricted net assets reported a deficit of \$2,409,440 in 2011).

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

Governmental activities.

Governmental activities increased the City's net assets by \$384,525. Key elements in the change in net assets include:

- Federal grants of approximately \$600,000 were received during 2012 for use in two different projects that resulted in increases to capital assets owned by the City. This was a decrease from the prior year when over \$2.3 million had been received. There is a corresponding decrease in streets and highways expenditures.
- There was a slight increase in tax revenues during the current fiscal year.

City of Holladay
Changes in Net Assets

	<u>2012</u>	<u>2011</u>
Revenues:		
Program revenues:		
Charges for services	\$ 1,664,472	\$ 1,459,851
Operating grants and contributions	898,574	873,644
Capital grants and contributions	688,590	2,640,139
General revenues:		
Property taxes	5,101,075	4,905,409
Other taxes	5,291,552	5,246,638
Other	123,373	468,905
Total revenues	<u>13,767,636</u>	<u>15,594,586</u>
Expenses:		
General government	2,388,628	2,328,336
Public safety	5,176,494	5,164,842
Community development	2,915,863	1,063,025
Streets and highways	1,739,517	3,739,548
Parks, recreation, and culture	387,648	279,055
Interest on long-term debt	774,961	836,186
Total expenses	<u>13,383,111</u>	<u>13,410,992</u>
Change in net assets	384,525	2,183,594
Net assets, beginning	24,718,036	22,534,442
Net assets, ending	<u>\$ 25,102,561</u>	<u>\$ 24,718,036</u>

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

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 2012 fiscal year, the City's governmental funds reported combined ending fund balance of \$11,052,064 (\$8,473,940 in 2011). In 2012 the City showed a deficit in unassigned fund balance of \$1,772,045, compared to a deficit of \$3,016,563 in 2011, for an overall decrease to the deficit in 2012 of \$1,244,518. The deficit is associated with the Redevelopment Agency fund balance, which reports a deficit of \$4,127,994 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. \$6,618,495 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 2012 fiscal year, fund balance of the general fund was \$2,355,949, all of which was unassigned (\$1,465,110 in 2011). Revenues and expenditures remained flat as compared to 2011. 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 26.8% of total general fund expenditures (17.0% in 2011).

At the end of fiscal year 2012, the capital projects fund had a total fund balance of \$9,296,363 (\$7,504,858 in 2011), which consisted of \$2,064,313 in assigned fund balance, and \$7,232,050 in nonspendable and restricted fund balance. The increase in 2012 was due to proceeds from bonds issued during 2012, of which over \$3 million has not yet been expended. Major capital outlay expenditures included approximately \$1.1 million in acquisition of property, engineering and construction costs related to the Holladay Village Center project and approximately \$600,000 in streets, sidewalk, curb and gutter improvements.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

General Fund Budgetary Highlights

During the fiscal year, the General Fund's budget was amended from an original expenditure budget of \$8,937,152 to a final budget of \$8,981,152, an increase of \$44,000. This increase was related primarily to budgeting for increased expenditures related to building inspections and was funded from additional budgeted building permit and plan check revenues.

Actual expenditures in the General Fund were less than the amended budget by \$176,856. Actual expenditures exceeded budgeted expenditures in the streets and highways department.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets as of June 30, 2012 amounts to \$35,239,720, net of accumulated depreciation (\$36,035,110 in 2011). 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 \$1.1 million in land acquisition costs, engineering costs, environmental assessments, and construction costs were incurred in relation to the Holladay Village Center project.
- Buildings and Structures – An outdoor restroom facility was constructed on City Hall grounds for a total cost of approximately \$208,000.

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

City of Holladay Capital Assets (net of depreciation)		
	2012	2011
Land	\$ 7,404,736	\$ 8,568,100
Construction in progress	10,725,946	14,557,172
Buildings and structures	8,010,884	8,043,734
Improvements, including infrastructure	8,232,817	3,901,383
Machinery, equipment, and vehicles	833,984	918,181
Office furniture and equipment	31,353	46,540
Total	\$ 35,239,720	\$ 36,035,110

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 \$20,766,464 consisting of \$4,775,000 in tax increment debt and \$15,991,464 in sales tax revenue bonds secured by C road funds and sales tax revenues. In addition, the City issued a note payable to Salt Lake County which funded some development expenditures and which had a balance at June 30, 2012 of \$450,000.

The City's total debt increased by \$1,415,869 during the current year as a result of the issuance of new bonds (net of the amount of debt those new bonds refunded), less scheduled principal reductions on other debt.

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 \$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 - 30 of this report.

Economic Factors and Next Year's Budgets and Rates

Just as the economic climate in both Utah and the nation has had some minor improvement, the City of Holladay has also seen similar economic progress. Some of our major revenue sources have improved including Sales Tax and Franchise Tax. However, Property Taxes have remained relatively flat over the past seven years, primarily due to "Truth in Taxation" laws. Nonetheless, due to growth and developmental activity, we are also seeing a slight increase in building permit and inspection revenues.

Over the past several years we have been forced to limit our expenditures on capital improvements and have restricted our projects, especially in the area of major road repairs. For the past 3-4 years we relied on the proceeds from Municipal Energy Tax (MET) bond for financing major road projects. Those funds

**City of Holladay
Management's Discussion and Analysis
Year Ended June 30, 2012**

are now fully expended. The Class C road funds that the City receives have also remained flat, hence we are searching for alternative revenues to finance these vital projects.

Sales Tax revenue seems to be increasing. However, as it is based on sales and expendable income, we cannot definitively determine if the increase will be steady or will continue to fluctuate. Again, this revenue source is largely based on factors over which the City has no control, mainly the state of the national economy. We have been very careful and conservative in forecasting growth in the revenues. This has helped us stay within our budget without overextending our expenditures.

The outlook for next year appears to be much more positive. After many years of discussing and developing plans for the Holladay Village Center Project, it is finally underway. Initial footings and foundations have been poured and the tentative date for opening is planned for late summer or early fall of 2013. This new development will bring a total of over 40,000 square feet of new office and retail development into the heart of the City. This is a much welcome addition to our City.

Another major addition to our commercial base is the Canyon Slope Square development located at 3000 East and 6200 South. This development consists of a hotel and several pads of retail. This too is scheduled for completion in late summer 2013 and the ski shop there is already open for business.

Construction has also started on our new City-owned Holladay Fire Station with completion scheduled for late fall 2013. Although this project will have no impact on revenue for the City, it is a long awaited project that will allow for the planned expansion of the City hall park once the existing condemned fire station is abandoned and demolished

As mentioned, building permit activity continues to increase and many inquiries for new development are being processing in the Community Development office. Next year could see significant growth in apartments within existing multi-family zoned areas, as well as the addition of some assisted living facilities. If the growth trend continues at the same pace it has this past year, we could have another banner year for building permit activity in our City. It should be noted that Holladay is an urbanized area with minimal raw land available. For that reason over 80% of the building permits are for "tear-downs" and "rebuild/remodels" of existing homes.

Our public safety providers, mainly United Police Department (UPD) and Unified Fire Authority (UFA) continue to work closely with the City to hold costs to very reasonable inflationary increases.

The coming year holds more promise than past years, but there are still major financial challenges to overcome.

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, 2012**

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 4,158,784
RECEIVABLES (NET)	
TAXES	5,936,247
INTERGOVERNMENTAL	163,716
OTHER	9,462
SPECIAL ASSESSMENT	3,927
BOND ISSUE COSTS (NET)	360,106
RESTRICTED ASSETS	
CASH AND CASH EQUIVALENTS	6,149,582
NON-DEPRECIABLE CAPITAL ASSETS	18,130,682
DEPRECIABLE CAPITAL ASSETS, NET	17,109,038
TOTAL ASSETS	<u>52,021,544</u>
LIABILITIES	
ACCOUNTS PAYABLE	188,482
ACCRUED LIABILITIES	12,154
ACCRUED INTEREST PAYABLE	237,670
PAYABLE FROM RESTRICTED ASSETS	
DEPOSITS	84,091
UNEARNED REVENUE	5,081,000
NON-CURRENT LIABILITIES	
DUE WITHIN ONE YEAR	1,679,342
DUE IN MORE THAN ONE YEAR	
COMPENSATED ABSENCES	24,780
CONTRACTS PAYABLE	450,000
BONDS PAYABLE	19,161,464
TOTAL LIABILITIES	<u>26,918,983</u>
NET ASSETS	
INVESTED IN CAPITAL ASSETS, NET OF RELATED DEBT	21,898,172
RESTRICTED FOR	
DEBT SERVICE	2,295,771
COMMUNITY DEVELOPMENT	553,004
UNRESTRICTED	355,614
TOTAL NET ASSETS	<u>\$ 25,102,561</u>

**CITY OF HOLLADAY
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET REVENUE (EXPENSE) AND CHANGES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	NET ASSETS GOVERNMENTAL ACTIVITIES (TOTAL)
PRIMARY GOVERNMENT:					
GOVERNMENTAL ACTIVITIES					
GENERAL GOVERNMENT	\$ 2,388,628	\$ 988,924	\$ -	\$ -	\$ (1,399,704)
PUBLIC SAFETY	5,176,494	-	28,274	17,470	(5,130,750)
COMMUNITY DEVELOPMENT	2,915,863	610,450	23,480	-	(2,281,933)
STREETS AND HIGHWAYS	1,739,517	65,098	846,820	626,044	(201,555)
PARKS, RECREATION AND CULTURE	387,648	-	-	45,076	(342,572)
INTEREST ON LONG-TERM DEBT	774,961	-	-	-	(774,961)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 13,383,111</u>	<u>\$ 1,664,472</u>	<u>\$ 898,574</u>	<u>\$ 688,590</u>	<u>(10,131,475)</u>
GENERAL REVENUES:					
PROPERTY TAXES					5,101,075
SALES TAXES					3,054,148
FRANCHISE TAXES					1,973,891
TRANSIENT ROOM TAX					40,868
MOTOR VEHICLE FEES IN LIEU					222,645
INVESTMENT EARNINGS					67,793
GAIN ON DISPOSITION OF CAPITAL ASSETS					1,500
OTHER					54,080
TOTAL GENERAL REVENUES					<u>10,516,000</u>
CHANGE IN NET ASSETS					384,525
NET ASSETS AT BEGINNING OF YEAR					<u>24,718,036</u>
NET ASSETS AT END OF YEAR					<u>\$ 25,102,561</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CITY OF HOLLADAY
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2012**

**CITY OF HOLLADAY
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE
TO NET LIABILITIES OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2012**

	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	\$ 1,426,202	\$ 2,113,597	\$ 177,684	\$ 441,301	\$ -	\$ 4,158,784	TOTAL GOVERNMENTAL FUND BALANCES	\$ 11,052,064
RECEIVABLES							AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET ASSETS ARE DIFFERENT BECAUSE:	
TAXES	4,853,247	-	1,083,000	-	-	5,936,247	CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN THE FUNDS	35,239,720
INTERGOVERNMENTAL	163,716	-	-	-	-	163,716	OTHER LONG-TERM ASSETS ARE NOT AVAILABLE TO PAY FOR CURRENT-PERIOD EXPENDITURES AND THEREFORE ARE DEFERRED IN THE FUNDS	360,106
OTHER	9,462	-	-	-	-	9,462		
SPECIAL ASSESSMENT	3,927	-	-	-	-	3,927		
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	84,091	3,532,050	602,771	1,930,670	-	6,149,582		
TOTAL ASSETS	<u>\$ 6,593,319</u>	<u>\$ 9,345,647</u>	<u>\$ 1,863,455</u>	<u>\$ 2,371,971</u>	<u>\$ -</u>	<u>\$ 20,174,392</u>	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	(21,315,586)
LIABILITIES								
ACCOUNTS PAYABLE	\$ 139,198	\$ 49,284	\$ -	\$ -	\$ -	\$ 188,482	CERTAIN GOVERNMENTAL REVENUES THAT ARE NOT AVAILABLE TO PAY FOR CURRENT PERIOD EXPENDITURES ARE DEFERRED IN THE FUNDS	3,927
DUE TO OTHER FUNDS	-	-	52,674	-	-	52,674		
ACCRUED LIABILITIES	12,154	-	-	-	-	12,154	INTEREST PAYABLE ON LONG-TERM OBLIGATIONS DOES NOT REQUIRE CURRENT FINANCIAL RESOURCES AND IS NOT REPORTED IN THE GOVERNMENTAL FUNDS	(237,670)
NOTE PAYABLE TO THE CAPITAL PROJECTS FUND	-	-	3,700,000	-	-	3,700,000	NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 25,102,561</u>
PAYABLE FROM RESTRICTED ASSETS								
DEPOSITS	84,091	-	-	-	-	84,091		
DEFERRED REVENUE	4,001,927	-	1,083,000	-	-	5,084,927		
TOTAL LIABILITIES	<u>4,237,370</u>	<u>49,284</u>	<u>4,835,674</u>	<u>-</u>	<u>-</u>	<u>9,122,328</u>		
FUND BALANCES (DEFICIT)								
NONSPENDABLE	-	3,700,000	-	-	-	3,700,000		
RESTRICTED	-	3,532,050	1,155,775	1,930,670	-	6,618,495		
ASSIGNED	-	2,064,313	-	441,301	-	2,505,614		
UNASSIGNED	2,355,949	-	(4,127,994)	-	-	(1,772,045)		
TOTAL FUND BALANCES (DEFICIT)	<u>2,355,949</u>	<u>9,296,363</u>	<u>(2,972,219)</u>	<u>2,371,971</u>	<u>-</u>	<u>11,052,064</u>		
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,593,319</u>	<u>\$ 9,345,647</u>	<u>\$ 1,863,455</u>	<u>\$ 2,371,971</u>	<u>\$ -</u>	<u>\$ 20,174,392</u>		

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, 2012**

	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)	\$ 9,388,320	\$ -	\$ 1,004,307	\$ -	\$ -	\$ 10,392,627
LICENSES, FEES AND PERMITS	624,030	62,499	-	-	-	686,529
INTERGOVERNMENTAL	898,574	626,091	-	-	-	1,524,665
CHARGES FOR SERVICES	52,227	-	-	-	-	52,227
FINES AND FORFEITURES	988,840	-	-	-	-	988,840
MISCELLANEOUS	57,455	1,500	1,300,000	-	-	1,358,955
INTEREST ON INVESTMENTS	25,861	53,644	323,507	13,351	-	416,363
TOTAL REVENUES	12,035,307	743,734	2,627,814	13,351	-	15,420,206
EXPENDITURES						
CURRENT						
GENERAL GOVERNMENT	2,093,993	-	-	-	-	2,093,993
PUBLIC SAFETY	5,081,262	-	-	-	-	5,081,262
COMMUNITY DEVELOPMENT	613,540	-	1,925,675	-	-	2,539,215
STREETS AND HIGHWAYS	712,505	-	-	-	-	712,505
PARKS, RECREATION AND CULTURE	302,996	-	-	-	-	302,996
CAPITAL OUTLAY	-	2,606,797	3,646	-	-	2,610,443
DEBT SERVICE	-	-	-	-	-	-
BOND ISSUANCE COSTS	-	144,396	-	-	-	144,396
PRINCIPAL	-	400,000	-	1,165,000	390,000	1,955,000
INTEREST	-	26,636	36,604	583,243	253,085	899,568
TOTAL EXPENDITURES	8,804,296	3,177,829	1,965,925	1,748,243	643,085	16,339,378
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,231,011	(2,434,095)	661,889	(1,734,892)	(643,085)	(919,172)
OTHER FINANCING SOURCES (USES)						
PROCEEDS FROM ISSUANCE OF NOTES AND BONDS	-	8,935,000	450,000	-	-	9,385,000
PREMIUM RECEIVED ON BONDS	-	257,296	-	-	-	257,296
DEBT SERVICE - PRINCIPAL	-	-	-	(6,145,000)	-	(6,145,000)
TRANSFERS IN	-	615,909	-	7,306,868	643,085	8,565,862
TRANSFERS OUT	(2,340,172)	(5,582,605)	(643,085)	-	-	(8,565,862)
TOTAL OTHER FINANCING SOURCES (USES)	(2,340,172)	4,225,600	(193,085)	1,161,868	643,085	3,497,296
NET CHANGE IN FUND BALANCE	890,839	1,791,505	468,804	(573,024)	-	2,578,124
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,465,110	7,504,858	(3,441,023)	2,944,995	-	8,473,940
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 2,355,949	\$ 9,296,363	\$ (2,972,219)	\$ 2,371,971	\$ -	\$ 11,052,064

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, 2012**

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	\$ 2,578,124
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	1,560,641
DEPRECIATION EXPENSE	(706,031)
SOME SPECIAL ASSESSMENT AND INTERGOVERNMENTAL REVENUES ARE NOT CONSIDERED "AVAILABLE" IN THE GOVERNMENTAL FUNDS	(4,000)
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	44,975
PROCEEDS FROM DEBT ISSUES ARE AN OTHER FINANCING SOURCE IN THE FUNDS, BUT A DEBT ISSUE INCREASES LONG-TERM LIABILITIES IN THE STATEMENT OF NET ASSETS	
BONDS AND DEBT ISSUED	(9,385,000)
PREMIUM RECEIVED ON BONDS	(257,296)
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	8,100,000
GOVERNMENTAL FUNDS REPORT BOND ISSUE COSTS AS EXPENDITURES, WHILE GOVERNMENTAL ACTIVITIES AMORTIZE THOSE COSTS OVER THE LIFE OF THE BONDS	
ISSUANCE COSTS	144,396
AMORTIZATION EXPENSE	(41,284)
GOVERNMENTAL FUNDS REPORT THE VALUE OF LAND CONVEYED TO A DEVELOPER AS BOTH A REVENUE AND AN EXPENDITURE, WHILE GOVERNMENTAL ACTIVITIES REPORT THE DECREASE IN NONDEPRECIABLE CAPITAL ASSETS AS A COMMUNITY DEVELOPMENT EXPENSE	(1,650,000)
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ 384,525

**CITY OF HOLLADAY
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2012**

	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	\$ 9,051,213	\$ 9,051,213	\$ 9,388,320	\$ 337,107	\$ 967,406	\$ 1,087,421	\$ 1,004,307	\$ (83,114)
LICENSES, FEES AND PERMITS	418,250	537,750	624,030	86,280	-	-	-	-
INTERGOVERNMENTAL	869,900	869,900	898,574	28,674	-	-	-	-
CHARGES FOR SERVICE	27,500	47,000	52,227	5,227	-	-	-	-
FINES AND FORFEITURES	995,500	1,023,500	988,840	(34,660)	-	-	-	-
MISCELLANEOUS	43,623	50,323	57,455	7,132	-	-	1,300,000	1,300,000
INTEREST ON INVESTMENTS	14,000	20,000	25,861	5,861	1,450	1,450	323,507	322,057
TOTAL REVENUES	11,419,986	11,599,686	12,035,307	435,621	968,856	1,088,871	2,627,814	1,538,943
EXPENDITURES								
CURRENT								
GENERAL GOVERNMENT	2,250,615	2,250,615	2,093,993	156,622	-	-	-	-
PUBLIC SAFETY	5,116,353	5,117,853	5,081,262	36,591	-	-	-	-
COMMUNITY DEVELOPMENT	569,798	614,898	613,540	1,358	437,786	890,786	1,925,675	(1,034,889)
STREETS AND HIGHWAYS	668,000	665,400	712,505	(47,105)	-	-	-	-
PARKS, RECREATION AND CULTURE	332,386	332,386	302,996	29,390	-	-	-	-
CAPITAL OUTLAY	-	-	-	-	-	5,000	3,646	1,354
DEBT SERVICE - INTEREST	-	-	-	-	-	-	36,604	(36,604)
TOTAL EXPENDITURES	8,937,152	8,981,152	8,804,296	176,856	437,786	895,786	1,965,925	(1,070,139)
EXCESS OF REVENUES OVER EXPENDITURES	2,482,834	2,618,534	3,231,011	612,477	531,070	193,085	661,889	468,804
OTHER FINANCING USES								
ISSUANCE OF NOTES	-	-	-	-	-	450,000	450,000	-
TRANSFERS OUT	(2,482,834)	(2,578,834)	(2,340,172)	238,662	(531,070)	(643,085)	(643,085)	-
TOTAL OTHER FINANCING USES	(2,482,834)	(2,578,834)	(2,340,172)	238,662	(531,070)	(193,085)	(193,085)	-
NET CHANGE IN FUND BALANCE	-	39,700	890,839	851,139	-	-	468,804	468,804
FUND BALANCE (DEFICIT) AT BEGINNING OF YEAR	1,465,110	1,465,110	1,465,110	-	(3,441,023)	(3,441,023)	(3,441,023)	-
FUND BALANCE (DEFICIT) AT END OF YEAR	\$ 1,465,110	\$ 1,504,810	\$ 2,355,949	\$ 851,139	\$ (3,441,023)	\$ (3,441,023)	\$ (2,972,219)	\$ 468,804

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012.

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, 2012.

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, 2012

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, 2012

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, 2012.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012

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, 2012

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 December 27, 2012, the date the financial statements were available to be issued.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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, 2012 were \$348,606, and the bank balance was \$1,056,461 (\$678,875 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 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, 2012 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	\$ 9,959,760	\$ 9,959,760	\$ -	\$ -	\$ -

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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	\$ 9,959,760	\$ -	\$ -	\$ -	\$9,959,760

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, 2012 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, 2012

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

All of the City’s investments at June 30, 2012 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, 2012) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2012, the City had \$9,959,760 invested in the PTIF which had a fair value of \$10,018,153 for a gain of \$58,393. 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	81.15%
Money Markets and commercial paper	16.73%
Certificates of deposit	1.91%
U.S. Government securities	0.21%
	<u>100.00%</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE D – RESTRICTED ASSETS AND FUND BALANCE

Cash and cash equivalents have been restricted as of June 30, 2012 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 (refunded)			
Debt service reserve	\$ 160	\$ 160	\$ -
Current debt service	1	1	-
Tax increment bonds			
Debt service reserve	602,669	602,669	-
Current debt service	102	102	-
Sales tax bonds			
Project account	3,532,050	3,532,050	-
Debt service reserve	907,337	907,337	-
Current debt service	1,023,172	1,023,172	-
Deposits	84,091	-	84,091
Tax increment revenues restricted for use in housing projects	-	553,004	-
	<u>\$ 6,149,582</u>	<u>\$ 6,618,495</u>	<u>\$ 84,091</u>

NOTE E – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of the following at June 30, 2012:

Unrestricted - expended prior to June 30, 2012	
Class C road revenues due from the State of Utah for the quarter ended June 30, 2012	<u>\$ 163,716</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2012 is as follows:

	July 1, 2011	Increases	Decreases	June 30, 2012
Governmental Activities:				
Nondepreciable capital assets:				
Land	\$ 8,568,100	\$ 486,636	\$ 1,650,000	\$ 7,404,736
Construction in progress	14,557,172	1,214,460	5,045,686	10,725,946
Total nondepreciable capital assets	<u>\$ 23,125,272</u>	<u>\$ 1,701,096</u>	<u>\$ 6,695,686</u>	<u>\$ 18,130,682</u>
Depreciable capital assets:				
Buildings and structures	\$ 9,472,544	\$ 208,846	\$ -	\$ 9,681,390
Improvements, including infrastructure	4,922,528	4,696,385	-	9,618,913
Machinery, equipment and vehicles	1,193,727	-	-	1,193,727
Office furniture and equipment	507,929	-	-	507,929
Total depreciable capital assets at historical cost	<u>16,096,728</u>	<u>4,905,231</u>	<u>-</u>	<u>21,001,959</u>
Less accumulated depreciation:				
Buildings and structures	1,428,810	241,696	-	1,670,506
Improvements, including infrastructure	1,021,145	364,951	-	1,386,096
Machinery, equipment and vehicles	275,546	84,197	-	359,743
Office furniture and equipment	461,389	15,187	-	476,576
Total accumulated depreciation	<u>3,186,890</u>	<u>706,031</u>	<u>-</u>	<u>3,892,921</u>
Depreciable capital assets, net of accumulated depreciation	<u>\$ 12,909,838</u>	<u>\$ 4,199,200</u>	<u>\$ -</u>	<u>\$ 17,109,038</u>

Depreciation was charged to functions as follows:

Governmental activities:	
General government	\$ 266,460
Public safety	38,553
Community development	2,637
Streets and highways, including infrastructure	354,542
Parks, recreation and culture	43,839
	<u>\$ 706,031</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2012:

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%	\$ 9,082,618
2006 Tax Increment Revenue Bonds	
\$6,000,000 tax increment term bonds due serially through December 30, 2020 with interest at 4.9%	4,775,000
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%	6,908,846
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
Compensated absences	99,122
	<u>99,122</u>
Total Governmental activities long-term debt	<u><u>\$ 21,315,586</u></u>

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2012:

	Balance July 01, 2011	Additions	Deletions	Balance June 30, 2012	Current Amounts due
Excise Tax Bonds	\$ 6,505,000	\$ -	\$ 6,505,000	\$ -	\$ -
Tax Increment Bonds	5,165,000	-	390,000	4,775,000	410,000
Sales Tax Bonds	7,746,987	9,192,296	947,819	15,991,464	1,195,000
Contract payable	400,000	-	(400,000)	-	-
Note payable	-	450,000	-	450,000	-
Compensated absences	82,730	62,048	45,656	99,122	74,342
	<u>\$ 19,899,717</u>	<u>\$ 9,704,344</u>	<u>\$ 7,488,475</u>	<u>\$ 21,315,586</u>	<u>\$ 1,679,342</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE G – LONG-TERM DEBT – CONTINUED

As of June 30, 2012, 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
2013	\$ 410,000	\$ 233,975	\$ 1,195,000	\$ 554,477
2014	430,000	213,885	1,235,000	511,314
2015	450,000	192,815	1,280,000	459,702
2016	475,000	170,765	1,340,000	404,945
2017	495,000	147,490	1,395,000	353,651
2018-2022	2,515,000	334,915	4,270,000	1,063,820
2023-2027	-	-	2,465,000	612,267
2028-2032	-	-	2,465,000	190,835
Plus unamortized premium	4,775,000	1,293,845	15,645,000	4,151,011
Less unamortized loss on refunding	-	-	443,277	(443,277)
	<u>\$4,775,000</u>	<u>\$ 1,293,845</u>	<u>\$15,991,464</u>	<u>\$3,804,547</u>

Year ending June 30,	Note Payable	
	Principal	Interest
2013	\$ -	\$ -
2014	-	-
2015	-	-
2016	-	-
2017	37,500	-
2018-2022	187,500	-
2023-2027	225,000	-
	<u>\$ 450,000</u>	<u>\$ -</u>

The amortization of compensated absences 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, 2012

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. This amount is being netted against the new debt and 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 the next twelve years.

NOTE H – PLEDGED REVENUES

The City has pledged a portion of future sales tax revenues totaling \$11,195,178 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 \$132,927 which equaled the amount of the pledged revenues for the year.

The City has also pledged future property tax revenues totaling \$6,068,845 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 \$643,085 and \$1,004,307, respectively.

The City has pledged future Class C Road Funds totaling \$7,880,833 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 \$1,125,438, which equaled the amount of the pledged revenues for the year.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

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 13.77 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, 2012, 2011 and 2010 were \$108,464, \$112,532, and \$96,899, 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, 2012, was \$924,005. Of that amount, \$799,127 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, 2012, contributions totaling \$4,401 were made to the plan by employees and \$46,819 by the City.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE K – COMMITMENTS

The City has entered into contracts with Salt Lake County for public works services. The contracts of approximately \$450,000 for these services expire June 30, 2013.

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, 2012 through June 30, 2013, is approximately \$1,758,000.

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, 2012 through June 30, 2013 is approximately \$3,300,000.

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, 2013.

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>2012</u>	<u>2011</u>
Claims liability, July 1	\$ -	\$ -
Claims incurred during the year and changes in estimates	55,113	10,524
Payments on claims during the year		
Payments made by insurance	-	-
Coinsurance and deductible insurance payments made by the City	18,113	10,524
Claims liability, June 30,	<u>\$ 37,000</u>	<u>\$ -</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2012

NOTE M - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2012, 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 equal to what the City earns on its investments held with the Utah Public Treasurer's Investment Fund.

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	\$ -	\$ 2,340,172
Capital Projects Fund	615,909	5,582,605
Redevelopment Agency	-	643,085
General Debt Service	7,306,868	-
Nonmajor governmental fund	643,085	-
	<u>\$ 8,565,862</u>	<u>\$ 8,565,862</u>

NOTE O – DEFICIT FUND BALANCE

The Redevelopment Agency experienced an operational deficit situation during the year ended June 30, 2012, showing a deficit fund balance of \$2,972,219. 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, 2012

NOTE P – EXPENDITURES EXCEEDING APPROPRIATIONS

During the year ended June 30, 2012, the city incurred expenditures in excess of appropriations in streets and highways expenditures (the legal level of budgetary control) of the General Fund by \$45,805. In the Redevelopment Agency, expenditures exceeded appropriations as follows: in community development expenditures, by \$1,034,889, in Debt Service – Interest, by \$36,604.

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, 2012, the following activity occurred in the City’s Redevelopment Agency:

Tax increment collected from other taxing agencies for the project areas	<u><u>\$ 1,004,307</u></u>
Value of land conveyed to developer recognized as miscellaneous revenue	<u><u>\$ 1,300,000</u></u>
Outstanding loans to finance RDA projects	<u><u>\$ 8,925,000</u></u>
Amounts expended for the acquisition of property	\$ -
Tax increments paid to other taxing agencies	404,133
Value of land conveyed to developer recognized as development expenditures	1,300,000
Amounts expended for site improvements and preparation costs	16,023
Amounts expended for administrative costs	209,165
Amounts expended for debt service	<u><u>36,604</u></u>
	<u><u>\$ 1,965,925</u></u>

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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2011**

	2012			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2011
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
TAXES					
PROPERTY TAXES	\$ 3,972,478	\$ 3,972,478	\$ 4,096,768	\$ 124,290	\$ 4,062,498
FEES IN LIEU OF TAXES	195,000	195,000	222,645	27,645	274,057
GENERAL SALES TAX	2,838,735	2,838,735	3,054,148	215,413	2,821,411
TRANSIENT ROOM TAX	35,000	35,000	40,868	5,868	36,599
FRANCHISE TAX	2,010,000	2,010,000	1,973,891	(36,109)	2,114,571
TOTALS	9,051,213	9,051,213	9,388,320	337,107	9,309,136
LICENSES, FEES AND PERMITS					
BUSINESS AND ANIMAL LICENSES	152,000	166,500	179,188	12,688	187,764
BUILDING PERMITS	266,250	371,250	444,842	73,592	288,843
TOTALS	418,250	537,750	624,030	86,280	476,607
INTERGOVERNMENTAL REVENUE					
CLASS "C" ROAD FUNDS	790,000	790,000	846,820	56,820	820,704
OTHER GRANTS	79,900	79,900	51,754	(28,146)	219,099
TOTALS	869,900	869,900	898,574	28,674	1,039,803
CHARGES FOR SERVICE					
LAND USE FEES	25,000	44,500	46,935	2,435	26,730
OTHER SERVICE REVENUE	2,500	2,500	5,292	2,792	2,730
TOTALS	27,500	47,000	52,227	5,227	29,460
FINES AND FORFEITURES					
COURTS FINES AND FORFEITURES	995,500	1,023,500	988,840	(34,660)	954,164
MISCELLANEOUS REVENUE					
MISCELLANEOUS	43,623	50,323	57,455	7,132	419,074
INTEREST ON INVESTMENTS	14,000	20,000	25,861	5,861	19,182
TOTALS	57,623	70,323	83,316	12,993	438,256
TOTAL REVENUES	11,419,986	11,599,686	12,035,307	435,621	12,247,426

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	2012			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2011
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
EXPENDITURES					
GENERAL GOVERNMENT					
COURT					
PERSONNEL	326,204	326,204	300,023	26,181	309,278
OPERATIONS AND MAINTENANCE	575,300	575,300	529,266	46,034	525,813
CAPITAL	-	-	-	-	-
TOTAL	901,504	901,504	829,289	72,215	835,091
ADMINISTRATIVE					
PERSONNEL	513,035	513,035	476,168	36,867	492,994
OPERATIONS AND MAINTENANCE	540,080	540,080	527,193	12,887	475,433
CAPITAL	500	500	200	300	521
TOTAL	1,053,615	1,053,615	1,003,561	50,054	968,948
TREASURY					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	14,000	14,000	13,215	785	13,575
CAPITAL	-	-	-	-	-
TOTAL	14,000	14,000	13,215	785	13,575
MAYORAL					
PERSONNEL	25,033	25,033	19,925	5,108	19,714
OPERATIONS AND MAINTENANCE	2,400	2,400	2,400	-	2,400
CAPITAL	-	-	-	-	-
TOTAL	27,433	27,433	22,325	5,108	22,114
LEGISLATIVE					
PERSONNEL	81,965	81,965	76,444	5,521	68,204
OPERATIONS AND MAINTENANCE	94,598	94,598	75,941	18,657	51,039
CAPITAL	-	-	-	-	-
TOTAL	176,563	176,563	152,385	24,178	119,243
FACILITIES MAINTENANCE					
PERSONNEL	5,000	5,000	1,600	3,400	5,000
OPERATIONS AND MAINTENANCE	72,500	72,500	71,618	882	84,613
CAPITAL	-	-	-	-	-
TOTAL	77,500	77,500	73,218	4,282	89,613
TOTAL GENERAL GOVERNMENT	2,250,615	2,250,615	2,093,993	156,622	2,048,584
PUBLIC SAFETY					
POLICE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	3,187,227	3,187,227	3,151,836	35,391	3,191,340
CAPITAL	-	-	-	-	-
TOTAL	3,187,227	3,187,227	3,151,836	35,391	3,191,340

CONTINUED

CITY OF HOLLADAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	2012			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2011
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
FIRE					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	1,843,470	1,844,970	1,843,770	1,200	1,840,904
CAPITAL	-	-	-	-	-
TOTAL	<u>1,843,470</u>	<u>1,844,970</u>	<u>1,843,770</u>	<u>1,200</u>	<u>1,840,904</u>
ANIMAL CONTROL					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	85,656	85,656	85,656	-	87,738
CAPITAL	-	-	-	-	-
TOTAL	<u>85,656</u>	<u>85,656</u>	<u>85,656</u>	<u>-</u>	<u>87,738</u>
TOTAL PUBLIC SAFETY	<u>5,116,353</u>	<u>5,117,853</u>	<u>5,081,262</u>	<u>36,591</u>	<u>5,119,982</u>
COMMUNITY DEVELOPMENT					
PLANNING AND ZONING					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	6,350	6,350	5,075	1,275	1,594
CAPITAL	-	-	-	-	-
TOTAL	<u>6,350</u>	<u>6,350</u>	<u>5,075</u>	<u>1,275</u>	<u>1,594</u>
INSPECTIONS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	140,000	175,000	190,562	(15,562)	160,000
CAPITAL	-	-	-	-	-
TOTAL	<u>140,000</u>	<u>175,000</u>	<u>190,562</u>	<u>(15,562)</u>	<u>160,000</u>
ECONOMIC DEVELOPMENT					
PERSONNEL	360,318	360,318	352,060	8,258	409,618
OPERATIONS AND MAINTENANCE	63,130	71,930	65,843	6,087	53,332
CAPITAL	-	-	-	-	-
TOTAL	<u>423,448</u>	<u>432,248</u>	<u>417,903</u>	<u>14,345</u>	<u>462,950</u>
TOTAL COMMUNITY DEVELOPMENT	<u>569,798</u>	<u>613,598</u>	<u>613,540</u>	<u>58</u>	<u>624,544</u>
STREETS AND HIGHWAYS					
STREETS AND PUBLIC IMPROVEMENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	668,000	666,700	712,505	(45,805)	601,611
CAPITAL	-	-	-	-	-
TOTAL STREETS AND HIGHWAYS	<u>668,000</u>	<u>666,700</u>	<u>712,505</u>	<u>(45,805)</u>	<u>601,611</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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	2012			2011	
	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	ACTUAL
	ORIGINAL	FINAL			
PARKS, RECREATION AND CULTURE					
PARKS					
PERSONNEL	129,782	129,782	114,515	15,267	95,271
OPERATION AND MAINTENANCE	93,604	93,604	97,837	(4,233)	62,854
CAPITAL	-	-	-	-	-
TOTAL	<u>223,386</u>	<u>223,386</u>	<u>212,352</u>	<u>11,034</u>	<u>158,125</u>
COMMUNITY ARTS AND EVENTS					
PERSONNEL	-	-	-	-	-
OPERATIONS AND MAINTENANCE	109,000	109,000	90,644	18,356	74,730
CAPITAL	-	-	-	-	-
TOTAL	<u>109,000</u>	<u>109,000</u>	<u>90,644</u>	<u>18,356</u>	<u>74,730</u>
TOTAL PARKS, RECREATION AND CULTURE	<u>332,386</u>	<u>332,386</u>	<u>302,996</u>	<u>29,390</u>	<u>232,855</u>
TOTAL EXPENDITURES	<u>8,937,152</u>	<u>8,981,152</u>	<u>8,804,296</u>	<u>176,856</u>	<u>8,627,576</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,482,834</u>	<u>2,618,534</u>	<u>3,231,011</u>	<u>612,477</u>	<u>3,619,850</u>
OTHER FINANCING USES					
TRANSFERS IN	-	-	-	-	-
TRANSFERS OUT	<u>(2,482,834)</u>	<u>(2,578,834)</u>	<u>(2,340,172)</u>	<u>(238,662)</u>	<u>(2,875,078)</u>
TOTAL OTHER FINANCING USES	<u>(2,482,834)</u>	<u>(2,578,834)</u>	<u>(2,340,172)</u>	<u>(238,662)</u>	<u>(2,875,078)</u>
NET CHANGE IN FUND BALANCE	-	39,700	890,839	851,139	744,772
FUND BALANCE AT BEGINNING OF YEAR	<u>1,465,110</u>	<u>1,465,110</u>	<u>1,465,110</u>	<u>-</u>	<u>720,338</u>
FUND BALANCE AT END OF YEAR	<u>\$ 1,465,110</u>	<u>\$ 1,504,810</u>	<u>\$ 2,355,949</u>	<u>\$ 851,139</u>	<u>\$ 1,465,110</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, 2012
(WITH COMPARATIVE ACTUAL AMOUNTS
FOR THE YEAR ENDED JUNE 30, 2011

	2012			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)	2011
	BUDGETED AMOUNTS		ACTUAL		ACTUAL
	ORIGINAL	FINAL			
REVENUES					
LICENSES, FEES AND PERMITS					
IMPACT FEES	\$ 35,000	\$ 52,100	\$ 62,499	\$ 10,399	\$ 38,123
INTERGOVERNMENTAL					
FEDERAL GRANTS	-	-	590,091	590,091	2,435,857
OTHER GRANTS	190,000	190,000	36,000	(154,000)	-
MISCELLANEOUS REVENUE					
SALE OF CAPITAL ASSETS	-	-	1,500	1,500	-
REIMBURSEMENT FROM DEVELOPER	1,099,000	1,641,562	-	(1,641,562)	-
INTEREST ON INVESTMENTS	185,000	185,000	53,644	(131,356)	198,455
TOTAL REVENUES	<u>1,509,000</u>	<u>2,068,662</u>	<u>743,734</u>	<u>(1,324,928)</u>	<u>2,672,435</u>
EXPENDITURES					
DEBT SERVICE					
PRINCIPAL	420,000	426,636	400,000	26,636	-
BOND ISSUANCE COSTS	-	133,573	144,396	(10,823)	-
INTEREST	-	-	26,636	(26,636)	20,000
TOTAL DEBT SERVICE	<u>420,000</u>	<u>560,209</u>	<u>571,032</u>	<u>(10,823)</u>	<u>20,000</u>
CAPITAL OUTLAY					
PARK IMPROVEMENTS	35,000	35,000	14,339	20,661	-
STORM DRAIN IMPROVEMENTS	172,600	172,600	142,316	30,284	41,699
STREETS IMPROVEMENTS	763,000	1,038,000	603,336	434,664	4,064,346
LAND AND BUILDING ACQUISITION	551,156	4,281,293	1,403,306	2,877,987	1,464,272
OTHER	295,815	295,815	443,500	(147,685)	497,314
TOTAL CAPITAL OUTLAY	<u>1,817,571</u>	<u>5,822,708</u>	<u>2,606,797</u>	<u>3,215,911</u>	<u>6,067,631</u>
TOTAL EXPENDITURES	<u>2,237,571</u>	<u>6,382,917</u>	<u>3,177,829</u>	<u>3,205,088</u>	<u>6,087,631</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>(728,571)</u>	<u>(4,314,255)</u>	<u>(2,434,095)</u>	<u>1,880,160</u>	<u>(3,415,196)</u>
OTHER FINANCING SOURCES (USES)					
PROCEEDS FROM ISSUANCE OF BONDS	-	9,030,000	8,935,000	(95,000)	-
PREMIUM RECEIVED ON ISSUANCE OF BONDS	-	151,472	257,296	105,824	-
TRANSFERS IN	758,571	873,767	615,909	(257,858)	1,120,815
TRANSFERS OUT	(30,000)	(5,740,984)	(5,582,605)	158,379	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>728,571</u>	<u>4,314,255</u>	<u>4,225,600</u>	<u>(88,655)</u>	<u>1,120,815</u>
NET CHANGE IN FUND BALANCE	-	-	1,791,505	1,791,505	(2,294,381)
FUND BALANCE AT BEGINNING OF YEAR	<u>7,504,858</u>	<u>7,504,858</u>	<u>7,504,858</u>	-	<u>9,799,239</u>
FUND BALANCE AT END OF YEAR	<u>\$ 7,504,858</u>	<u>\$ 7,504,858</u>	<u>\$ 9,296,363</u>	<u>\$ 1,791,505</u>	<u>\$ 7,504,858</u>