



COMMITTED. EXPERIENCED. TRUSTED.

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December 14, 2023

To the Honorable Mayor and Members of City Council
City of Holladay

We have audited the financial statements of City of Holladay (the City) as of and for the year ended June 30, 2023 and have issued our report thereon dated December 11, 2023. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 3, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the City's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the City is included in Note 1 to the financial statements. During the year, the City adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Arrangements*. The City reviewed its software agreements and indicated that none qualified for the new reporting standard. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. We noted no accounting estimates by management that we considered to be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. However, we did note a significant estimate made by a third-party service organization in relation to pension valuation based on actuarially determined information.

The estimate of the discount rate used to measure the total pension liability is based on actuarially determined information from projections of cash flows used to determine contribution rates and that contribution rates will be made at the contractually required rates as actuarially determined and certified by the Utah Retirement Systems (URS) Board. The key factors and assumptions used to develop the pension estimates were determined by URS and we determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

The disclosures in the financial statements are neutral, consistent and clear.

Significant Difficulties Encountered during the Audit

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

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures.

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

Disagreements with Management

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

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated December 11, 2023.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

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

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing the City's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards and with respect to the required supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, but we do not express an opinion or provide any assurance on the information.

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

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

Sincerely,

HBMC, LLC

Client: **Holladay City**
 Engagement: **AA2023 - CITY OF HOLLADAY**
 Period Ending: **6/30/2023**
 Trial Balance: **TB-1 - Trial Balance**
 Workpaper: **JE-1 - Combined Journal Entries Report**
 Fund Level: **All**
 Index: **All**

Account	Description	W/P Ref	Debit	Credit
Adjusting Journal Entries				
Adjusting Journal Entries JE # 100		N-1		
To adjust premium amortization to scheduled amortization for each fund				
55-255000	2022 Premium		1,583.00	
95-252000	2022 SALES TAX PREMIUM		3,845.00	
55-471-000	Debt Service Premium			1,583.00
95-160000	AMOUNT TO BE PROVIDED			3,845.00
Total			5,428.00	5,428.00
Adjusting Journal Entries JE # 101				
Adjusting Journal Entries JE # 101		N-1		
To adjust accrued interest for stormwater fund				
55-470-000	Debt Service		44,414.00	
55-230000	INTEREST PAYABLE			44,414.00
Total			44,414.00	44,414.00
Adjusting Journal Entries JE # 102				
Adjusting Journal Entries JE # 102		N-1		
To reclass interest payment amount from principal to proper GL accounts				
50-810-000	2022 Storm water projects bond		12,667.00	
50-800-000	2022 road and GF projects			12,667.00
Total			12,667.00	12,667.00
Adjusting Journal Entries JE # 103				
Adjusting Journal Entries JE # 103		C-00		
To adjust account 10-1151 booked incorrectly by Dave Sanderson				
10-33-8000	Legislative for Transportation		300,000.00	
10-115100	Investment - PTIF Main			300,000.00
Total			300,000.00	300,000.00
Adjusting Journal Entries JE # 104				
Adjusting Journal Entries JE # 104		N-4		
To adjust GASB 68 allocations based on wage percentages - stormwater is closer to 3% and not 10%				
55-180000	DEFERRED PENSON OUTFLOWS		5,277.00	
95-160000	AMOUNT TO BE PROVIDED		2,381.00	
95-256000	NET PENSION LIABILITY		2,789.00	
95-256500	DEFERRED PENSION INFLOWS		107.00	

55-256000	NET PENSION LIABILITY		2,789.00
55-256500	DEFERRED PENSION INFLOWS		107.00
55-410-130	Stormwater Benefits		2,381.00
95-180000	DEFERRED PENSON OUTFLOWS		5,277.00
Total		10,554.00	10,554.00

Adjusting Journal Entries JE # 105

L-2

To record accrued payroll benefits (ER portions of SS and URS) for 7/8 PPE (estimated allocations)

10-410-130	Employee Benefits	6,468.00	
55-410-130	Stormwater Benefits	335.00	
10-222100	FICA & Medicare Payable		2,067.00
10-222400	UT State Retirement Paybl-Empr		4,401.00
55-222000	Accrued Benefits Payable		335.00
Total		6,803.00	6,803.00

Adjusting Journal Entries JE # 106

S-4/5

To reclass revenue and reconcile rocky mountain and dominion accounts

10-31-4300	Franchise Tax Dominion Gas	96,683.00	
10-34-1300	Zoning & Subdivision Fees	50,553.00	
10-31-4300	Franchise Tax Dominion Gas		50,553.00
10-31-4400	Franchise Tax Rocky Mountain		96,683.00
Total		147,236.00	147,236.00

Adjusting Journal Entries JE # 107

N-3

To adjust compensated absences for updates to hours on max at 240 not 164. Also, eliminate duplicate employees on detail sheet.

95-160000	AMOUNT TO BE PROVIDED	6,177.00	
95-258000	ST COMPENSATED ABSCENSES	20,944.00	
95-257000	LT COMPENSATED ABSCENSES		27,121.00
Total		27,121.00	27,121.00

Total Adjusting Journal Entries

554,223.00 **554,223.00**

Reclassifying Journal Entries

Reclassifying Journal Entries JE # 200

E-1

To reclass B&C road receivable to intergov rec account

10-131998	Audit Intergovernmental Rec	327,514.00	
10-135000	Taxes Receivable - Accrued		327,514.00
Total		327,514.00	327,514.00

Reclassifying Journal Entries JE # 201

S-1

To reclass the tax increment for the City portion and other portion

16-31-1000	Tax Increment Monies - Current	76,714.00	
17-31-1000	Tax Increment Monies - Current	735,504.00	

16-31-1000AUDIT	Intergovernmental Revenue - Tax Increment		76,714.00
17-31-1000Audit	Intergovernmental Revenue - Tax Increment		735,504.00
Total		812,218.00	812,218.00
Reclassifying Journal Entries JE # 202		Y-00	
To reclass transfer from RDA to GF to offset transfer in/out; also CP & Grant Funds			
13-35-0009	Grant Div of Arts & Museum	50,000.00	
17-600-600	Contribution to General Fund	30,000.00	
13-38-5000	Transfer from Capital Projects		50,000.00
17-488-100	GF Administrative Services		30,000.00
Total		80,000.00	80,000.00
Reclassifying Journal Entries JE # 203		L-2	
To reclass prepaid firework expense rather than negative AP			
10-145000	Prepaid expenses	7,500.00	
10-211000	Accounts Payable		7,500.00
Total		7,500.00	7,500.00
Reclassifying Journal Entries JE # 204		Y-00	
To reclass miscoded grant from State to intergovernmental revenue account (not transfers)			
13-35-0010	Contrib fr Cap Proj for Sidewa	97,950.00	
13-35-1712	UDOT Funding for Highland Dr.		97,950.00
Total		97,950.00	97,950.00
Reclassifying Journal Entries JE # 205		N-1.2	
To reclass restricted cash used from regular checking account, but not transferred from bond construction accounts			
22-116200a	2022 Proj Fund - Bond Construction Fund Reimb	3,370,792.00	
55-119600a	Project Fund - Bond Construction Fund Reimb	570,993.00	
22-116200	2022 Project Account		3,370,792.00
55-119600	Project Fund		570,993.00
Total		3,941,785.00	3,941,785.00
Total Reclassifying Journal Entries		5,266,967.00	5,266,967.00
Total All Journal Entries		5,821,190.00	5,821,190.00