



**NOTICE OF A MEETING OF THE
CITY OF HOLLADAY CITY COUNCIL
THURSDAY, DECEMBER 11, 2025**

- 5:00 p.m.** **Council Dinner** - *Council Members will be eating dinner. No city business will be discussed*
- 5:30 p.m.** **Briefing Session** - *The Council will review and discuss the agenda items; NO decisions will be made*
a. *Arts Council and Historical Commission Appointees*

PUBLIC NOTICE IS HEREBY GIVEN that the Holladay City Council will hold a Council meeting on **Thursday, December 11, 2025, at 6:00 pm.** Members of the Council may participate by electronic means if needed. The Council Chambers shall serve as the anchor location.

** Agenda items may be moved in order, sequence and time to meet the needs of the Council*

All documents available to the City Council are accessible on the City's website or linked in this agenda. Interested parties are encouraged to watch the **live video stream** of the meeting - [agendas/https://holladayut.gov/government/agendas_and_minutes.php](https://holladayut.gov/government/agendas_and_minutes.php)

Citizens desiring to make public comments or to make comments during any public hearing may provide such comments as follows:

1. **In-person attendance:** at Holladay City Hall
2. **Email** your comments by 5:00 pm on the date of the meeting to scarlson@holladayut.gov

AGENDA

- I. **Welcome** – Mayor Dahle
- II. **Pledge of Allegiance**
- III. **Presentation and Recognition for Outgoing Mayor Rob Dahle**
- IV. **Public Comments**
Any person wishing to comment on any item not otherwise on the agenda may provide their comment via email to the Council before 5:00 p.m. on the day of the meeting to scarlson@holladayut.gov with the subject line: Public Comment. Comments are subject to the Public Comment Policy set forth below
- V. **Public Hearing on Proposed Royal Holladay Hills Affordable Housing Agreement**
- VI. **2025 Audit Report** – Rob Wood, HBME
- VII. **Consideration of Resolution 2025-34 Granting Advice and Consent to Members of the Arts Council**
- VIII. **Consideration of Resolution 2025-35 Granting Advice and Consent to a Member of the**

Historical Commission

- IX. ***Consent Agenda***
 - a. *Approval of Minutes – Oct. 2, 23 and Nov. 6, 2025*
- X. ***City Manager Report - Gina Chamness***
- XI. ***Council Reports & District Issues***
- XII. ***Recess to RDA Meeting***
- XIII. ***Reconvene Council to Work Meeting to Discuss:***
 - a. ***Discussion on Ongoing Concerns on Suada Dr***
- XIV. ***Adjourn***

Public Comment Policy & Procedure: During each regular Council Meeting there will be a Public Comment Time. The purpose of the Public Comment Time is to allow citizen's access to the Council. Citizens requesting to address the Council will be asked to complete a written request form and present it to the City Recorder. In general, the Chairman will allow an individual three minutes to address the Council. A spokesman, recognized as representing a group in attendance, may be allowed up to five minutes. Comments which cannot be made within these time limits should be submitted in writing to the City Recorder prior to noon the day before the meeting so they can be copied and distributed to the Council. At the conclusion of the Citizen Comment time, the Chairman may direct staff to assist the citizen on the issue presented; direct the citizen to the proper administrative department(s); or take no action. This policy also applies to all Public Hearings.

CERTIFICATE OF POSTING

The above agenda notice was posted at City Hall, the City website www.holladayut.gov, the Utah Public Notice website www.utah.gov/pmn, and the Holladay Library.

DATE POSTED: Tuesday December 9, 2025
Stephanie N. Carlson, MMC, City Recorder
City of Holladay

Reasonable accommodations for individuals with disabilities or those needing language interpretation services can be provided upon request. For assistance, please call the City Recorder's office at 272-9450 at least three days in advance. TTY/TDD number is (801)270-2425 or call Relay Utah at #7-1-1

From: [Stephanie Carlson](#)
To: [Rob Dahle](#); [Matt Durham](#); [Drew Quinn](#); [Emily Gray](#); [Ty Brewer](#); [Paul Fotheringham](#)
Subject: FW: Grandeur Comment
Date: Wednesday, December 3, 2025 3:35:00 PM

-----Original Message-----

From: G. Marsden Blanch <gmb Blanch@gmail.com>
Sent: Monday, December 1, 2025 4:47 PM
To: Gina Chamness <GChamness@holladayut.gov>
Subject: Grandeur

[External Email - Use Caution]

> Subject: Concern Regarding

>

> Proposed Workforce Housing Designation in Block D

>

>

> Dear City Council and RDA Members,

>

> I am a property owner in Block D (The Grandeur). I am writing to express my concern regarding the proposed designation of up to 100 apartment units in our building as income-restricted "workforce housing."

> Our governing documents do not authorize deed-restricted units within our condominium project, and no notice was provided to owners prior to the November 20 hearing, contrary to Utah Code §17C-1-806. Any such change requires owner approval under Utah Code §57-8-10 and §57-8-16.

> I respectfully request that no action be taken without full notice to all owners, legal review, and formal owner input.

> Thank you for your attention to this matter.

>

> Sincerely,

>

> G. Marsden Blanch, MD

> Owner, The Grandeur – Block D

>

Subject: Request for Transparency, Proper Notice, and Owner Representation Regarding Proposed Modifications to The Grandeur Development

Dear Mayor, Council Members and City Staff,

I am a resident of The Grandeur and am writing to formally outline several substantial concerns regarding the developer's current proposal involving the adjacent building and the required government/workforce housing.

These concerns are not about the housing itself. In fact, Grandeur owners support the City's requirement and have no objection to the units being located next door. Our issues relate to governance, disclosure, process, and long-term impact on our building.

1. There is no HOA, no board, and no representation for owners.

We have been told that an HOA will not be formed until January or February of 2026. This means owners have no governing body to receive notice or evaluate changes, and no legal authority exists to approve amenity use, shared obligations, or encumbrances.

2. Material disclosure gap.

Owners were told about a potential bridge between buildings but were never informed it would enable access to Grandeur's private amenities. This is a material change affecting security, liability, maintenance, and governance. We only found out about any of this because a resident happened upon the meetings on the City website.

3. The project appears to be moving too quickly.

Owners were not notified of the [December 4](#) presentation and discovered it only by checking the City website. When projects move too quickly or without proper disclosure, mistakes occur, and our experience with this developer has already demonstrated this quite well.

4. Support for workforce housing with separation of buildings.

Owners support the City's goals but need legal and operational separation between buildings.

5. Property value and underwriting concerns.

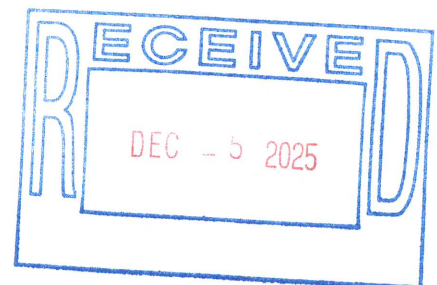
Unclear governmental overlays, amenity-sharing expectations, and cross-building obligations impact valuation, lending, underwriting, and long-term HOA planning.

Request:

- Formal notice to all Grandeur owners
- A public meeting where residents can speak
- No new obligations placed on Grandeur before an HOA exists
- Clear separation between the buildings

Respectfully,
Tom Peterson

Resident, The Grandeur
Unit 509



From: [Gina Chamness](#)
To: [Stephanie Carlson](#)
Cc: [Todd Godfrey](#)
Subject: FW: Concern Regarding Proposed Workforce Housing Designation in Block D
Date: Wednesday, December 3, 2025 5:03:06 PM

Please send out to the Council.

From: Deda <the.deda.llc@gmail.com>
Sent: Wednesday, December 3, 2025 2:29 PM
To: Gina Chamness <GChamness@holladayut.gov>
Subject: Concern Regarding Proposed Workforce Housing Designation in Block D

[External Email - Use Caution]

Dear City Council and RDA Members,

I am a property owner in Block D (The Grandeur). I am writing to express my concern regarding the proposed designation of up to 100 apartment units in our building as income-restricted “workforce housing.”

Our governing documents do not authorize deed-restricted units within our condominium project, and no notice was provided to owners prior to the November 20 hearing, contrary to Utah Code §17C-1-806. Any such change requires owner approval under Utah Code §57-8-10 and §57-8-16.

I respectfully request that no action be taken without full notice to all owners, legal review, and formal owner input.

Thank you for your attention to this matter.

Sincerely,

Denia-Marie Wright

Owner, The Grandeur – Block D

AFFORDABLE HOUSING AGREEMENT
[BLOCK E]

This Affordable Housing Agreement (“**Agreement**”) is made and entered into as of _____, 2025 (the “**Effective Date**”), by and among the Redevelopment Agency of the City of Holladay, a Utah community development and renewal agency (“**RDA**”), the City of Holladay, a Utah municipal corporation (“**City**”), and KMW Development L.L.C., a Utah limited liability company (“**Developer**”). The RDA, City, and Developer may be referred to herein singly as a “**Party**” and collectively as the “**Parties**.”

Recitals

A. Developer is the fee owner and master developer of the real property located within the “Cottonwood Mall Urban Renewal Project Area” in the City of Holladay, Salt Lake County, Utah (the “**Project**”).

B. City and Developer are subject to that certain Fourth Amended and Restated Agreement for Development of Land dated April 21, 2022 (as amended and restated, the “**ADL**”), which provides for, among other things, the development of affordable housing within the Project.

C. Pursuant to the ADL, Developer is responsible for providing fifty (50) units of affordable housing restricted to households earning no more than eighty percent (80%) of the Area Median Family Income. An additional fifty (50) units of affordable housing, as set forth in the Taxing Entities Committee Resolution (“**TEC**”) attached to the ADL as Attachment No. 6, are the responsibility of the City.

D. The purpose of this Agreement is to establish the terms and conditions under which one hundred (100) residential units to be located within the portion of the Project known as “Block E” (“**Block E**”) may be designated, restricted, and administered as affordable housing units, thereby satisfying the combined affordable housing obligations of both Developer and the City under the ADL and the TEC, subject to the provisions of this Agreement.

Agreement

In consideration of the foregoing recitals and the terms and conditions herein set forth, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows:

1. Term. The term of this Agreement shall commence on the Effective Date and shall continue until the earlier of (i) a period of twenty (20) years measured from the earlier of (y) the date the first certificate of occupancy is issued for the Block E building inclusive of the Affordable Units (defined below) or (z) a date that is thirty-six (36) months after commencement of construction for the portion of Block E inclusive of the Affordable Units, (ii) the date of a Pre-Construction Termination (defined below) as allowed in accordance with Subsection 2(b) below, or (iii) the date of early termination allowed in accordance with Section 6 below (the “**Term**”).

2. Pre-Construction Review/ Pre-Construction Termination.

- (a) Unit Mix. Beginning the month after the Effective Date, RDA and Developer shall meet periodically to review concepts for the development of that project on Block E that will include the Affordable Units. By June 30, 2026, the Parties shall have agreed upon the schematics for the units that will comprise the Affordable Units. Thereafter, Exhibits A, B, and C shall be updated to reflect the agreed-upon schematics for such Affordable Units. For the avoidance of doubt, as of the Effective Date, Exhibits A, B, and C are examples only and will be updated pursuant to this Section 2(a).
- (b) Pre-Construction Termination. RDA may effect a “**Pre-Construction Termination**” of this Agreement upon the occurrence of one of the following events: (i) failure of the Parties to agree upon the schematic drawings and other updates to the exhibits by June 30, 2026; (ii) for any reason identified by the RDA at its discretion prior to June 30, 2026; (iii) any material deviation from the approved schematic drawings as described below in Subsection 2(d); or (iv) the failure by Developer to commence construction on phase of Block E project including Affordable Units by ~~December 31~~May 1, 2028. Any notice under Subsections 2(b)(i) or (ii) above must be delivered, if at all, by no later than July 10, 2026.
- (c) Pre-Construction Updates. Prior to commencement of construction, RDA may request an update on the status of construction drawings and project schedule at any time by submitting a request to Developer for an update meeting.
- (d) December 2026. By the end of December 2026, Developer and RDA shall meet to review the advancement of drawings approved pursuant to Subsection 2(a). If at such time Developer has materially deviated from the schematic drawings as to the Affordable Units, RDA may elect to terminate under Subsection 2(b) above by delivering a notice within ten (10) days of such meeting.
- (e) Repayment upon Pre-Construction Termination. Any Pre-Construction Termination shall entitle RDA to repayment of all amounts received by Developer under Section 4 below plus simple interest, accruing from the date of Developer’s receipt, at the rate that such amounts would have earned if deposited with the Public Treasurers Investment Fund.

3. Affordable Housing Coordination and Implementation. In exchange for Developer’s commitment to operate up to one hundred (100) residential units to be located within Block E as affordable housing units (the “**Affordable Units**”), the RDA shall provide the consideration to Developer set forth in Section ~~34~~ of this Agreement.

- (a) Definition of Affordable Housing. For purposes of this Agreement, “**Affordable Housing**” means a residential unit affordable to households earning eighty percent (80%) or less of the Salt Lake City, Utah Metropolitan Statistical Area Median Family Income, as determined by the United States Department of Housing and Urban Development (“**HUD**”) for the applicable year.
- (b) Responsibilities Relative to Operation of Affordable Housing Program. The Parties agree to the responsibilities described below that during the Term:

- i. Developer or its affiliate(s) shall ensure that the rental rate for the Affordable Units will be in accordance with the rental calculation provision in subsection 2(d) below.
 - ii. The City shall be responsible for prequalifying applicants for the one hundred (100) Affordable Units and for supplying to Developer the names of qualified individuals meeting the requirements of this Agreement.
 - iii. Developer shall not be required to keep any Affordable Units vacant while the City completes its qualification process.
 - iv. The Affordable Units shall be leased as units become available during the normal course of leasing within Block E.
- (c) Affordable Housing Verification. The City shall confirm Developer's compliance with the Affordable Housing requirements by verifying the total number of Affordable Units operated within Block E and Developer shall provide an annual report of the units leased to qualifying individuals during the Term. Parties affirm that under the ADL no more than 100 Affordable Units need to be made available. The City's verification process shall follow the reporting format and calculation methodology attached hereto as Exhibit A (Affordable Units Rent Calculation) and Exhibit B (Affordable Housing Compliance Report), as shall be updated by the Parties annually, or at such other time as agreed to by the Parties.
- (d) Rent Calculation for Affordable Units. A dwelling unit for rent shall be deemed Affordable Housing if the rent charged for that unit type does not exceed the maximum monthly rent calculated using the formulas provided annually, the first year for which is attached as Exhibit A.
- (e) Reporting Requirements. Prior to any request by Developer for payment other than the initial payments to be made at execution of this Agreement, Developer shall submit to the City a completed Affordable Housing Compliance Form in the form attached hereto as Exhibit B, identifying the Affordable Units under operation or management as of the reporting date. The City shall confirm the data and provide written acknowledgment of compliance to the RDA. Prior to the issuance of certificate of occupancy for the Affordable Units, Developer's compliance with the requirements under Subsection 2(c) shall constitute compliance with this Subsection 3(e).
- (f) Interim Compliance. Notwithstanding anything herein to the contrary, prior to the first compliance review under this Agreement, Developer shall be deemed to be in compliance with the Affordable Housing requirements upon execution of this Agreement. Thereafter, Developer's ongoing compliance shall be verified by the City in accordance with this Section 3. Parties agree that during the Term, affordable housing revenues described in the ADL shall be deemed encumbered under the ADL.

- (g) Remittance and Report. To the extent that any of the one hundred (100) Affordable Units are not leased to prequalified individuals, and there are not prequalified individuals sufficient for the available one hundred (100) Affordable Units, Developer may, in its discretion, lease such units at prevailing market rental rates. For each such unit leased at market rate, Developer shall remit to the RDA an amount equal to the difference between (i) the total rent collected at market rate, only if greater than then applicable Affordable Housing rent, and (ii) the then applicable Affordable Housing rent as determined under Section 3(d) of this Agreement. Remittance shall be made annually, concurrent with Developer's submission of the Affordable Housing Compliance Report required under Section 3(e). Together with each remittance, Developer shall provide to the RDA and the City: (x) a report identifying each unit leased at market rate during the prior year and the calculated rent differential, and (y) a report of those units within Block E available or soon to be available as Affordable Units, including lease commencement and expiration dates, to assist the City in anticipating move-in dates for Affordable Housing tenants.

4. Consideration. In consideration of Developer's agreement and continuing obligation to operate the Affordable Units as described herein, which the Parties acknowledge is good and sufficient consideration, the Parties agree to pay and receive amounts collected from within the Project for affordable housing as follows:

- (a) RDA agrees: (a) with respect to the Affordable Units required under the TEC to be fulfilled by the City, the RDA shall authorize the release of Two Million Dollars (\$2,000,000) currently held in the RDA's budgets from other project areas in Holladay City to Developer; and (b) with respect to any and all other Affordable Units required under the ADL, (i) RDA shall authorize the release of Five Hundred Thousand Dollars (\$500,000) currently held in the Retention Account to Developer, and (ii) remit to Developer, on an annual basis during the Term, including any "Post Term Period" as described in Section 6 below, all amounts received by the RDA that are allocated for affordable housing within the RDA's Cottonwood Mall Urban Renewal Project Area ("CMURPA") boundaries, including, without limitation, any such amounts derived from areas outside of the Project but within the CMURPA, such as parcels located north of Murray Holladay Road and west of Highland Drive, provided, however, that Developer shall not be entitled to the automatic remittance of Affordable Housing collected by the RDA outside of the Project but within the CMURPA, such funds shall be administered as set forth in Section 3(b) below.
- (b) RDA shall hold amounts collected for affordable housing outside of the Project but within the CMURPA in a reserve account, to be administered by the RDA and allocated for the purposes required by the ADL, provided, however, that prior to expending or committing such reserve funds the RDA shall consult and coordinate with Developer so that the Parties may evaluate whether use of such affordable housing funds would be appropriate within the Project even though such affordable housing funds were generated outside of the Project.
- (c) Developer shall pay interest to the RDA on the Two Million Five Hundred Thousand Dollars (\$2,500,000) received from the City pursuant to Section 4(a). Interest shall accrue each year at the rate that such amounts would have earned if deposited with the Public

Treasurers Investment Fund and shall be payable annually on each anniversary of the Effective Date until fifty (50) Affordable Units are delivered within Block E, at which time no further interest shall accrue or be payable. From and after the Effective Date and until the first Affordable Units become available, interest shall accrue on the full amount of the Two Million Five Hundred Thousand Dollars (\$2,500,000). Thereafter, the interest shall be reduced on a per-Affordable Unit basis at a rate equal to two percent (2%) of the total interest obligation per Affordable Unit (i.e., 1/50th per Affordable Unit). All interest paid to the RDA pursuant to this Section shall be used solely within the Project area, within two (2) miles of the Project area, or as otherwise mutually agreed in writing by the Parties.

5. Deed Restriction (Notice of Affordable Housing Agreement); Release. Promptly after the Effective Date, the Parties shall execute and record against Block E, but expressly excluding those portions of Block E that are sold to individual unit owners, a short-form “Notice of Affordable Housing Agreement”, a copy of which is attached hereto as Exhibit D, for the sole purpose of providing record notice of the existence of this Agreement, the possible repayment of funds, and the Affordable Units. Developer may unilaterally amend the Notice to exclude any portions of Block E that are subsequently subdivided, sold, or otherwise developed into separate parcels, including without limitation condominiums or retail areas. The Notice shall be released of record upon the earlier of: (a) the tenth (10th) anniversary of the Effective Date if the RDA timely exercises its termination right pursuant to Section 6 below; or (b) expiration of the Term if no early termination occurs under Subsection 5(a). The RDA and the City shall execute and deliver all documents reasonably required to effectuate such release within ten (10) business days of request by either Party. If during the Term and after the expiration of the early termination right described in Section 6 below an amendment to the form of Notice is required to remove any reference to a repayment obligation, the Parties shall cooperate in effecting such an amendment.

6. Early Termination; Repayment. On the seventh (7th) anniversary from the December 31, 2026, the RDA shall have the right, exercisable by written notice of termination delivered to Developer within thirty (30) days following such anniversary, to terminate this Agreement effective as of the tenth (10th) anniversary of the Effective Date. If the RDA timely exercises the termination right under this Section 56, then following termination on the tenth (10th) anniversary, Developer shall repay to the City Five Million Five Hundred Thousand and No/100 Dollars (\$5,500,000.00), reduced dollar-for-dollar by the aggregate amount of all remittances paid to the RDA pursuant to Section 3(g) above prior to such termination. Such repayment shall be made in ten (10) equal, annual installments on each anniversary of the Effective Date from the eleventh (11th) anniversary through and including the twentieth (20th) anniversary, together with simple interest on the unpaid balance, commencing after the first installment, at rate of four and one-half percent (4.5%) per year, until paid. If there have been no remittances under Subsection 3(g), the total amount to be repaid under this Section 6 will be calculated as \$4,351,995.00, which will be paid to RDA in annual payments of \$550,000, until repaid. If there have been remittances under Subsection 3(g), then the \$4,351,995 will be reduced by the amount of such remittances. In the event of an early termination as set forth in this Section 6, RDA shall continue to remit to Developer, during a post term period commencing on the tenth (10th) anniversary of the Effective Date and continuing until what would have been the end of the Term if there had been no early termination (the “**Post Term Period**”), annually the Developer’s Housing Allocation earned

within the Project, and shall administer amounts collected outside of the Project but within the CMURPA as set forth in Subsection 4(b) above.

7. Conflicts. The terms of this Agreement are intended to implement the terms of the ADL, including, without limitation, Sections 2.4 and 7.5 of the ADL. The terms of this Agreement are intended to be controlling as they relate to the provisions of Affordable Housing in the Project, the obligations of the Parties relating to the implementation of Affordable Housing, and the Developer's Housing Allocation (as defined in the ADL). The terms of the ADL are intended to remain in full force and effect without amendment except as supplemented herein. Notwithstanding the foregoing, in the event of any conflict between this Agreement and the ADL and/or the TEC with respect to Affordable Units only, this Agreement shall control.

8. Amendment. This Agreement may only be amended by written instrument signed by the RDA, City, and the Developer and/or their respective successors or assigns. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter addressed herein.

9. Enforcement. All of the terms, provisions and restrictions of this Agreement may be enforced by any of the Parties hereto and in the event of a breach of this Agreement, each Party shall have such remedies as may be available in law or in equity.

10. Notices. All notices under this Agreement shall be in writing and delivered by (a) personal delivery, (b) certified or registered U.S. mail, return receipt requested, postage prepaid, (c) nationally recognized overnight courier, or (d) email with confirmation of transmission, in each case addressed as set forth below (or to such other address as a Party may designate by notice in accordance with this Section). Notices shall be deemed given: (i) upon delivery if by personal delivery, (ii) three (3) business days after deposit if mailed, (iii) one (1) business day after deposit with an overnight courier, or (iv) on the date sent if by email, provided a copy is sent the same day by one of the foregoing methods.

To RDA: Redevelopment RDA of the City of Holladay
4580 South 2300 East
Holladay, UT 84117
Attn: Chairperson

With copies to: Hayes Godfrey Bell, PC
2118 East 3900 South, Suite 300
Holladay, UT 84124
Attn: Todd J. Godfrey

To City: City of Holladay
4580 South 2300 East
Holladay, UT 84124
Attn: City Manager

To Developer: KMW Development L.L.C.
6510 South Millrock Drive, Suite 450

Holladay, UT 84121
Attn: Steve Peterson

With copies to: Woodbury Corporation
2733 East Parleys Way, Suite 300
Salt Lake City, Utah 84109
Attn: Office of General Counsel

Snell & Wilmer, LLP
15 West South Temple, Suite 1200
Salt Lake City, Utah 84101
Attn: Wade Budge

11. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Utah.

12. Exhibits and Recitals. All exhibits and attachments attached hereto are incorporated herein by this reference. The Recitals are hereby incorporated into this Agreement.

13. Waiver. No action or failure to act by the Parties shall constitute a waiver of any right or duty afforded any Party under this Agreement, nor shall any such action or failure to act constitute approval of or acquiescence in any breach hereunder, except as may be specifically agreed to in writing. A waiver by a Party of a breach hereunder by the other Party shall not be construed as a waiver of any succeeding breach of the same or other provisions.

14. Counterparts. This Agreement may be executed by the different Parties hereto in separate counterparts, each of which when so executed shall be an original, and all of which taken together shall constitute one and the same agreement.

15. Severability. If any provision of this Agreement or the application thereof to any Party or circumstances shall be invalid or unenforceable to any extent, the remainder of this Agreement and the application of such provisions to any other Party or circumstance shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

16. Headings. Titles or headings to paragraphs of this Agreement are for convenience only, and neither limit nor amplify the provisions of this Agreement.

17. Survival. The provisions described as continuing beyond the Term, including the Post Term Period, shall survive the early termination of the Agreement and continue until fulfilled by the Parties.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed as of the Effective Date.

DEVELOPER:

KMW DEVELOPMENT L.L.C.,
a Utah limited liability company

By: WOODBURY CORPORATION, a Utah
corporation
Its: Manager

By: _____
Its: _____

By: _____
Its: _____

By: MILLROCK CAPITAL II, LLC, a Utah
limited liability company
Its: Manager

By: _____
Its: _____

[Signatures Continue on Following Page]

RDA:

REDEVELOPMENT AGENCY OF THE
CITY OF HOLLADAY

By: _____
[_____] , Chairperson

Attest:

By: _____
[_____] , Executive Director

Approved as to form:

CITY:

CITY OF HOLLADAY, A UTAH
MUNICIPAL CORPORATION

By: _____
[_____] , Mayor

Attest:

By: _____
[_____] , City Recorder

Approved as to form:

EXHIBIT A

Example Affordable Units Rent Calculation

*Affordable Housing as defined in Section 3(a) above

2025 AFFORDABLE HOUSING COMPLIANCE CERTIFICATION

Salt Lake County Median Family Income	122,700
80% of AMI	98,160

Weight	Income Ratio	[A] 80% AMI by Occupant
1	70.04%	68,750
2	95.02%	93,274
3	115.01%	112,890
4	134.99%	132,506
5	163.04%	160,038
6	196.04%	192,428

Unit Type	Weight	80% AMI by Unit	Maximum Annual Rent	Maximum Monthly Rent
1 Studio	0.825	56,719	17,016	1,418
2 Studio +	0.900	61,875	18,563	1,547
3 Junior 1 Bedroom	0.950	65,313	19,594	1,633
4 Junior 1 Bedroom +	1.110	71,448	21,434	1,786
5 1 Bedroom	1.150	72,429	21,729	1,811
6 1 Bedroom +	1.460	80,031	24,009	2,001
7 1 Bedroom Lrg	1.800	88,369	26,511	2,209
8 1 Bedroom Lrg +	2.050	94,255	28,276	2,356
9 1 Bedroom Lrg ++	2.550	104,063	31,219	2,602
10 1 Bedroom Corner	3.600	124,660	37,398	3,116
11 2 bedroom	3.200	116,813	35,044	2,920
12 2 bedroom Lrg	3.800	128,583	38,575	3,215
13 2 bedroom Lrg +	4.500	146,272	43,882	3,657
14 2 Bedroom Premium	6.000	192,428	57,728	4,811

Units included

Unit Type	Units Available	Market Units	Affordable Units
1 Studio	17	-	17
2 Studio +	9	3	6
3 Junior 1 Bedroom	15	-	15
4 Junior 1 Bedroom +	12	5	7
5 1 Bedroom	21	-	21
6 1 Bedroom +	22	13	9
7 1 Bedroom Lrg	7	-	7
8 1 Bedroom Lrg +	23	18	5
9 1 Bedroom Lrg ++	30	27	3
10 1 Bedroom Corner	4	4	-
11 2 bedroom	8	-	8
12 2 bedroom Lrg	7	5	2
13 2 bedroom Lrg +	19	19	-
14 2 Bedroom Premium	6	6	-
TOTALS	200	100	100
Ratio		50.0%	50.0%

Affordable Units

[See Attached]

EXHIBIT B**Example Affordable Housing Compliance Form*****Affordable Housing as defined in Section 3(a) above****2026 AFFORDABLE HOUSING COMPLIANCE CERTIFICATION**

Salt Lake County Median Family Income	-
80% of AMI	-

Occupants	Income	[A] 80% AMI
	Ratio	by Occupant
1	70.04%	-
2	95.02%	-
3	115.01%	-
4	134.99%	-
5	163.04%	-
6	196.04%	-

Unit Type	Occupant Capacity	80% AMI by Unit	Maximum Annual Rent	Maximum Monthly Rent
1 Studio	0.910	-	-	-
2 Studio +	1.000	-	-	-
3 Junior 1 Bedroom	1.250	-	-	-
4 Junior 1 Bedroom +	1.725	-	-	-
5 1 Bedroom	1.925	-	-	-
6 1 Bedroom +	2.225	-	-	-
7 1 Bedroom Lrg	3.800	-	-	-
8 1 Bedroom Lrg +		-	-	-
9 1 Bedroom Lrg ++		-	-	-
10 1 Bedroom Corner		-	-	-
11 2 bedroom		-	-	-
12 2 bedroom Lrg		-	-	-
13 2 bedroom Lrg +	4.000	-	-	-
14 2 Bedroom Premium	5.500	-	-	-

Units included

Unit Type	Units Available	Market Units	Affordable Units
1 Studio	17	-	17
2 Studio +	9	3	6
3 Junior 1 Bedroom	15	-	15
4 Junior 1 Bedroom +	12	5	7
5 1 Bedroom	21	-	21
6 1 Bedroom +	22	13	9
7 1 Bedroom Lrg	7	-	7
8 1 Bedroom Lrg +	23	18	5
9 1 Bedroom Lrg ++	30	27	3
10 1 Bedroom Corner	4	4	-
11 2 bedroom	8	-	8
12 2 bedroom Lrg	7	5	2
13 2 bedroom Lrg +	19	19	-
14 2 Bedroom Premium	6	6	-
TOTALS	200	100	100
Ratio		50.0%	50.0%

Affordable Units**[See Attached]**

EXHIBIT C

Affordable Unit Floor Plan

[TO BE ADDED AFTER JUNE 30, 2026]

EXHIBIT D

Form Notice of Affordable Housing Agreement

WHEN RECORDED, RETURN TO

Woodbury Corporation
2733 East Parleys Way, Suite 300
Salt Lake City, Utah 84109
Attn: Office of General Counsel

Affecting Parcel No. 22-09-228-042

SPACE ABOVE THIS LINE FOR USE BY THE RECORDER

NOTICE OF AFFORDABLE HOUSING AGREEMENT

This Notice of Affordable Housing Agreement is executed as of this ____ day of _____, 2025, to provide notice that certain units located within the real property more particularly described on Exhibit 1 attached hereto (“**Block E**”) are subject to the terms and conditions of that certain Affordable Housing Agreement dated as of _____, 2025 by and among the Redevelopment Agency of the City of Holladay, a Utah community development and renewal agency, the City of Holladay, a Utah municipal corporation, and KMW Development L.L.C., a Utah limited liability company (“**Developer**”), which agreement may, under circumstances described therein, may obligate the Developer, or successor owner as described therein, to repay certain amounts to the Redevelopment Agency of the City of Holladay.

IN WITNESS WHEREOF, Developer, the fee simple owner of Block E, has executed this Notice of Affordable Housing Agreement and authorized its recording with the Salt Lake County, Utah Recorder.

[Signature and Acknowledgement Pages Follow]

DEVELOPER:

KMW DEVELOPMENT L.L.C.,
a Utah limited liability company

By: WOODBURY CORPORATION, a Utah
corporation
Its: Manager

By: _____
Its: _____

By: _____
Its: _____

By: MILLROCK CAPITAL II, LLC, a Utah
limited liability company
Its: Manager

By: _____
Its: _____

[Acknowledgements Follow]

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 202__, by _____ as the _____ of WOODBURY CORPORATION, a Utah corporation, the Manager of KMW DEVELOPMENT L.L.C., a Utah limited liability company.

Notary Public

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 202__, by _____ as the _____ of WOODBURY CORPORATION, a Utah corporation, the Manager of KMW DEVELOPMENT L.L.C., a Utah limited liability company.

Notary Public

STATE OF UTAH)
 : ss
COUNTY OF SALT LAKE)

The foregoing instrument was acknowledged before me this ____ day of _____, 202__, by _____ as the _____ of MILLROCK CAPITAL II, LLC, a Utah limited liability company, the Manager of KMW DEVELOPMENT L.L.C., a Utah limited liability company.

Notary Public

EXHIBIT “1”

Legal Description of Block E

That certain real property located in Salt Lake County, State of Utah, more particularly described as follows:

Block E, Royal Holladay Hills Subdivision #2, according to the official plat thereof, recorded June 25, 2021, as Entry No. 13700581 in Book 2021P at Page 171, on file and of record in the office of the Salt Lake County Recorder.



COMMITTED. EXPERIENCED. TRUSTED.

PARTNERS

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA
JANICE ANDERSON, EA
TROY F. NILSON, CPA

December 9, 2025

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, 2025 and have issued our report thereon dated December 8, 2025. 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 7, 2025, 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.

Significant Risks Identified

We have identified the following significant risks:

- Improper revenue recognition is considered an inherent risk according to GAAS
- Management override of controls is considered an inherent risk according to GAAS
- Management estimates for depreciation based on useful life estimates for capital assets and sick leave liability for compensated absences, which could be used to alter or achieve certain financial results.

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 are included in Note 1 to the financial statements. As described in Notes 1 to the financial statements, during the year, the City adopted and implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Accordingly, the cumulative effect of the accounting change as of the beginning of the year has been reported in the proprietary fund's Statement of Revenues, Expenditures, and Changes in Fund Balances and the overall Statement of Activities for the City to properly recognize and report compensated absences and their related impacts on the changes in net position and fund balances. The City also adopted and implemented GASB Statement No. 102, *Certain Risk Disclosures*, which had no significant impact, and GASB No. 100, *Accounting Changes and Error Corrections*, which was presented for the change noted above in compensated absences. 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 and related disclosures are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is the estimate of sick leave liability for compensated absences.

Management's estimate of sick leave liability is based on historical averages of usage and retirement and termination data related to payouts. The City adopted this new GASB 101 standard using the LIFO accounting basis for recognition of sick leave. We evaluated the factors and assumptions used to develop the sick leave liability estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units. We also noted 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 8, 2025.

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: **AA2025 - CITY OF HOLLADAY**
 Period Ending: **6/30/2025**
 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-4		
To adjust GASB 68 allocation per wage update. Change booked by FD already.				
55-256000	NET PENSION LIABILITY		1,166.00	
55-256500	DEFERRED PENSION INFLOWS		4.00	
55-410-130	Stormwater Benefits		401.00	
95-180000	DEFERRED PENSON OUTFLOWS		1,571.00	
55-180000	DEFERRED PENSON OUTFLOWS			1,571.00
95-256000	NET PENSION LIABILITY			1,166.00
95-256500	DEFERRED PENSION INFLOWS			4.00
95-500-600	GENERAL GOV PENSION EXPENSE			167.00
95-600-600	COMMUNITY DEV PENSION EXPENSE			92.00
95-700-600	PARKS & REC PENSION EXPENSE			44.00
95-800-600	HIGHWAYS PUB IMPV PENSION EXP			25.00
95-900-600	PUBLIC SAFETY PENSION EXPENSE			73.00
Total			3,142.00	3,142.00
Adjusting Journal Entries JE # 101				
		N-1		
To accrued trustee fees for Seris 2022 bonds billed iin July 2025 for June 30, 2025				
10-410-750	Bond Administration		2,000.00	
10-211100	Accrued Accounts Payable			2,000.00
Total			2,000.00	2,000.00
Adjusting Journal Entries JE # 102				
		K-2-2.1		
To adjust depreciation on stormwater for partial year rather than full year on new assets placed in service. Also, to keep Backhoe repair as an expense and not new asset.				
55-163100	ACCUM DEPR INFRASTRUCTURE		133,238.00	
55-164100	ACCUM DEPR VEHICLES AND EQUIP		1,078.00	
93-700-700	CAPITAL OUTLAY PARKS & REC		9,136.00	
55-410-520	Depreciation Expense			134,316.00
93-164500	VEHICLES AND EQUIPMENT			9,136.00
Total			143,452.00	143,452.00

Adjusting Journal Entries JE # 103**L-2**

To accrue County public works bill that was missed

10-610-310	County Public Works Contract	165,855.00	
10-211100	Accrued Accounts Payable		165,855.00
Total		165,855.00	165,855.00

Adjusting Journal Entries JE # 104**N-3**

To adjust comp absences for wages to FY25 rates and remove pension allocations

55-243400	Compensated Absences ST	1,087.00	
95-257000	LT COMPENSATED ABSCENCES	11,346.00	
95-258000	ST COMPENSATED ABSCENCES	11,397.00	
55-410-110	Stormwater personnel		1,087.00
95-500-500	GENERAL GOVERNEMENT WAGES EXP		10,559.00
95-600-500	COMMUNITY DEV WAGES EXP		4,845.00
95-700-500	PARKS & REC WAGES EXP		1,174.00
95-800-500	HIGHWAYS PUB IMPV WAGES EXP		1,738.00
95-900-500	PUBLIC SAFETY WAGES EXP		4,427.00
Total		23,830.00	23,830.00

Adjusting Journal Entries JE # 105**M-1**

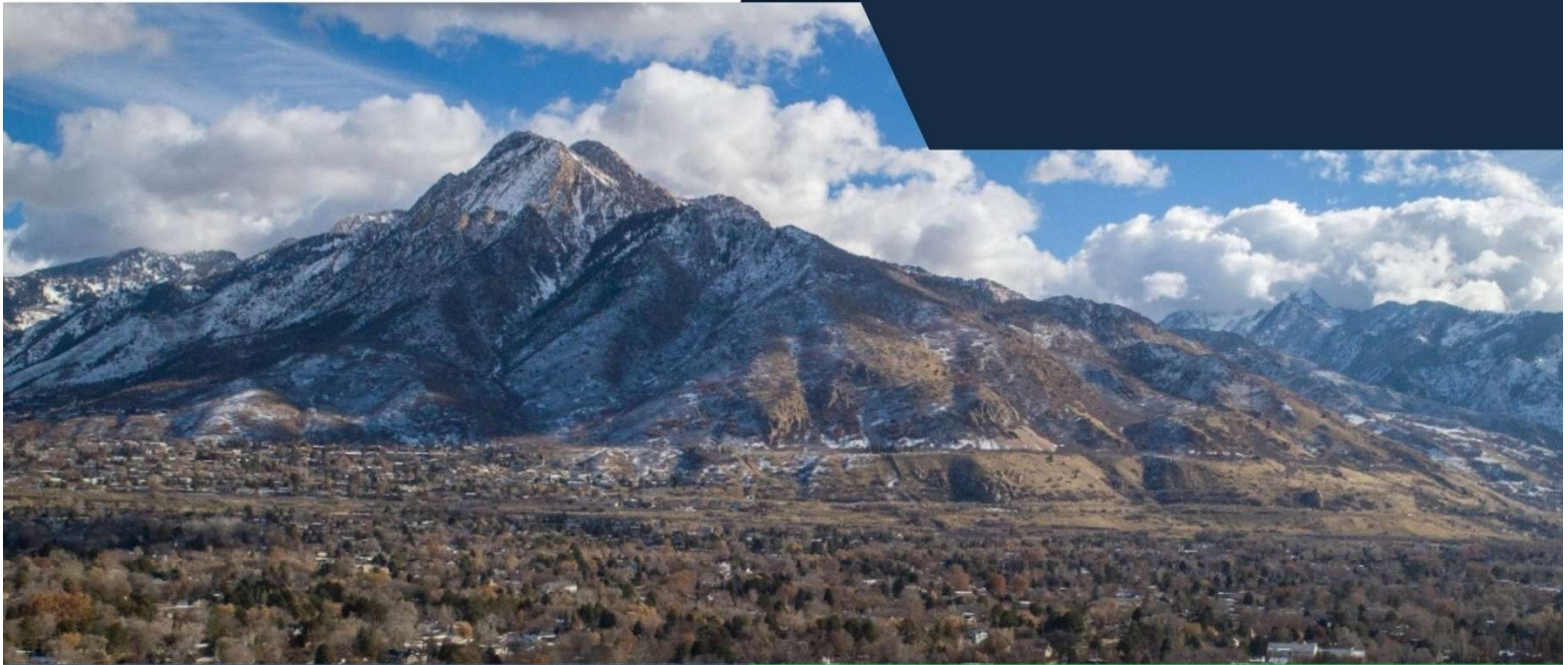
To adjust double counting of OT wages from accrual

10-221000	Accrued Payroll	6,406.00	
10-221000	Accrued Payroll	377.00	
10-420-120	Salaries & Wages - Full-Time		93.00
10-420-130	Employee Benefits		7.00
10-640-110	Salaries & Wages - Full Time		3,085.00
10-640-120	Seasonal Work/Part-time		3,184.00
10-640-130	Employee Benefits		370.00
10-680-110	Salaries & Wages - Full Time		44.00
Total		6,783.00	6,783.00

Total Adjusting Journal Entries**345,062.00 345,062.00****Total All Journal Entries****345,062.00 345,062.00**



CITY OF HOLLADAY



**FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**PREPARED BY:
CITY OF HOLLADAY
FINANCE DEPARTMENT**

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COMMITTED. EXPERIENCED. TRUSTED.

INDEPENDENT AUDITOR'S REPORT

PARTNERS

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA
JANICE ANDERSON, EA
TROY F. NILSON, CPA

Honorable Mayor and Members of the City Council
City of Holladay

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Holladay, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City of Holladay, Utah, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund and the major special revenue redevelopment agency fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-12 and the pension schedules on pages 53-55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The individual fund budgetary

comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025 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 solely 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 effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

HBMC, LLC

December 8, 2025
Bountiful, Utah

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CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

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, 2025. Please read it in conjunction with the City's financial statements which begin on page 13.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$123,280,373 (\$116,526,813 in 2024) (*net position*), consisting of \$81,402,481 (\$81,375,276 in 2024) net investment in capital assets, \$5,224,021 (\$7,297,881 in 2024) in restricted net position and an unrestricted net position of \$36,653,871 in 2025 (\$27,853,656 in 2024).
- The City's net position increased during 2025 by \$6,753,560 and by \$6,465,760 in 2024.
- The City's governmental funds reported combined fund balances of \$41,547,105 (\$36,450,704 in 2024). \$ 34,015,018 (\$30,111,566 in 2024) is either nonspendable, assigned, or restricted as to use, leaving an unassigned fund balance of \$7,532,087 (\$6,339,138 unassigned fund balance in 2024).

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 supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

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

Both government-wide financial statements distinguish between the governmental activities and business-type activities of the City. Governmental activities are principally supported by taxes and intergovernmental revenues, while business-type activities are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the City include general government, public safety, streets and public improvements, community and economic development, and parks, recreation, and culture. The business-type activities of the City include utilities (stormwater).

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

The government-wide financial statements can be found on pages 13-14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific functions or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are categorized as governmental funds with exception of the stormwater fund which is a proprietary fund.

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 four 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 governmental fund financial statements can be found on pages 15-20 of this report.

Proprietary funds. The City maintains one proprietary fund, the stormwater fund, that is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The stormwater fund is a major fund. The basic proprietary fund financial statements can be found on pages 21-23 of this report.

The City adopts an annual appropriated budget for its general fund and the redevelopment agency and stormwater fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets. Budgetary comparisons for the remaining funds can also be found in the supplemental section of these financial statements.

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 25-51 of this report.

Required Supplemental Information. Information regarding pensions can be found on pages 53-55.

Other Supplemental information. Individual fund schedules can be found on pages 57-58 of this report.

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$123,280,373 at the close of the most recent year (\$116,526,813 as of June 30, 2024.)

As of June 30, 2025, \$81,402,481 (\$81,375,276 as of June 30, 2024) of the City's net position reflects its net investment in capital assets (e.g. land, buildings and improvements, machinery, equipment, vehicles, and infrastructure assets). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the City's net position (\$5,224,021 and \$7,297,881 in 2024) represents resources that are subject to external restrictions on how they may be used. Unrestricted net position represents net position which may be used to meet the government's ongoing obligations to citizens and creditors as cash is made available through the collection of taxes and other receivables. As of June 30, 2025 the City has unrestricted net position of \$36,653,871 (\$27,853,656 as of June 30, 2024).

City of Holladay's Net Position						
	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
Current and other assets	\$ 54,027,126	\$ 48,422,536	\$ 3,364,968	\$ 10,164,453	\$ 57,392,094	\$ 58,586,989
Capital assets	87,839,042	87,928,047	9,969,373	2,822,045	97,808,415	90,750,092
Total assets	<u>141,866,168</u>	<u>136,350,583</u>	<u>13,334,341</u>	<u>12,986,498</u>	<u>155,200,509</u>	<u>149,337,081</u>
Deferred outflows of resources	637,106	610,990	29,456	30,459	666,562	641,449
Other liabilities	3,975,710	3,476,229	640,095	666,898	4,615,805	4,143,127
Noncurrent liabilities	9,245,843	10,410,093	8,778,676	9,120,416	18,024,519	19,530,509
Total liabilities	<u>13,221,553</u>	<u>13,886,322</u>	<u>9,418,771</u>	<u>9,787,314</u>	<u>22,640,324</u>	<u>23,673,636</u>
Deferred inflows of resources	9,946,297	9,777,850	77	231	9,946,374	9,778,081
Net position:						
Net investment in capital assets	78,510,615	78,676,737	2,891,866	2,698,539	81,402,481	81,375,276
Restricted	5,224,021	7,297,881	-	-	5,224,021	7,297,881
Unrestricted (deficit)	35,600,788	27,322,783	1,053,083	530,873	36,653,871	27,853,656
Total net position (deficit)	<u>\$ 119,335,424</u>	<u>\$ 113,297,401</u>	<u>\$ 3,944,949</u>	<u>\$ 3,229,412</u>	<u>\$ 123,280,373</u>	<u>\$ 116,526,813</u>

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

Governmental Activities and Business-type Activities

The City's net position increased by \$6,753,560 (\$6,465,760 in 2024). Key elements in the change in net position include:

- General revenues increased by \$540,932 in 2025 and \$759,342 in 2024.
- Governmental program revenues in aggregate increased by \$1,843,425 in 2025 and an increase of \$1,076,297 in 2024. Charges for services had an increase of \$572,246 in 2025 primarily as a result of increased building and development fees and an increase in justice court cases from Millcreek increasing fines and forfeitures revenue.
- Governmental expenses increased by \$1,909,790 in 2025 and increased by \$1,470,692 in 2024. The 2025 changes consisted of increases for general government of \$391,837, public safety of \$1,120,930, community and economic development of \$28,211, parks, recreation and public property of \$126,860, interest expense decrease of \$54,388, and an increase in streets and public improvements of \$296,340. The impacts to these expenses were primarily inflationary costs and increases in the City's public safety contracts.
- The stormwater fund's total expenses in 2025 totaled \$854,802 compared to \$817,883 for 2024 operations. This fund also had an increase in their charges for services of \$16,500 and a decrease in investments revenues of \$166,348.

City of Holladay's Changes in Net Position						
	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
Revenues						
Program revenue:						
Charges for services	\$ 2,567,171	\$ 1,994,925	\$ 1,177,353	\$ 1,160,853	\$ 3,744,524	\$ 3,155,778
Operating grants and contributions	3,653,471	2,989,402	-	-	3,653,471	2,989,402
Capital grants and contributions	2,014,631	1,407,521	-	-	2,014,631	1,407,521
General revenues:						
Property taxes	9,108,902	7,860,442	-	-	9,108,902	7,860,442
Sales taxes	6,992,770	7,559,907	-	-	6,992,770	7,559,907
Franchise taxes	2,804,137	3,048,342	-	-	2,804,137	3,048,342
Investment earnings	1,979,886	1,989,631	392,986	559,334	2,372,872	2,548,965
Miscellaneous	194,032	80,473	-	-	194,032	80,473
Total revenues	29,315,000	26,930,643	1,570,339	1,720,187	30,885,339	28,650,830
Expenses:						
General government	2,943,398	2,551,561	-	-	2,943,398	2,551,561
Public safety	12,376,540	11,255,610	-	-	12,376,540	11,255,610
Streets and public improvements	5,210,909	4,914,569	-	-	5,210,909	4,914,569
Community and economic development	1,095,321	1,067,110	-	-	1,095,321	1,067,110
Parks, recreation and public property	1,200,981	1,074,121	-	-	1,200,981	1,074,121
Interest and fiscal charges	449,828	504,216	-	-	449,828	504,216
Stormwater	-	-	854,802	817,883	854,802	817,883
Total expenses	23,276,977	21,367,187	854,802	817,883	24,131,779	22,185,070
Change in net position	6,038,023	5,563,456	715,537	902,304	6,753,560	6,465,760
Net position, beginning	113,297,401	107,733,945	3,229,412	2,327,108	116,526,813	110,061,053
Net position (deficit), ending	\$ 119,335,424	\$ 113,297,401	\$ 3,944,949	\$ 3,229,412	\$ 123,280,373	\$ 116,526,813

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

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 2025 fiscal year, the City's governmental funds reported combined ending fund balance of \$41,457,105 (\$36,450,704 in 2024). In 2025 the City showed a combined unassigned fund balance of \$7,532,087, compared to \$6,339,138 in 2024. The Redevelopment Agency fund reports an unassigned deficit fund balance of \$835,259, which has arisen primarily from expenditures related to community development. During 2009, 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 is expected to generate additional tax revenues that have and are expected to continue decrease the deficit. The general fund, capital projects fund, and debt service fund all show positive amounts in assigned and unassigned fund balance, which is available for spending at the government's discretion. Total fund balance consisting of assigned, restricted, or nonspendable fund balance of \$34,015,018 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 2025 fiscal year, the unassigned fund balance of the general fund was \$8,367,346 (\$7,778,855 in 2024), which is available to help meet current operational needs. Revenues increased in aggregate by \$1,959,843, which was primarily due to increases in property tax and increase in grant awards. Expenditures increased by \$1,646,924. These increases were primarily caused by increases in public safety and public works contracts. As a measure of the general fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures, 42.87% in 2025 (43.5% in 2024). The general fund's unassigned fund balance represents 33.3% of total general fund revenues (33.6% in 2024).

At the end of fiscal year 2025, the capital projects fund had a total fund balance of \$28,397,635 (\$23,352,008, in 2024), which consisted of \$25,973,426 in assigned fund balance, \$1,200,000 in nonspendable fund balance, and the remaining as restricted. Expenditures included \$2,196,313 in streets and public improvements, \$541,581 in parks, and \$319,880 in general government. These costs vary by year depending on needs within the City and size of capital projects.

The fund balance in the redevelopment agency special revenue fund increased \$1,217,641 (\$1,109,253 in 2024). The increase is related to increased revenues of \$83,214 from tax increment and interest earnings.

The debt service fund balance increased \$16,337 (\$10,612 in 2024), which was a result of interest on investments.

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

General Fund Budgetary Highlights

During the fiscal year, the general fund's budget was amended from an original expenditure budget of \$19,958,483 to a final budget of \$20,112,606, an increase of \$154,123. This increase was related primarily to budgeting for increased animal control contract and justice court expenditures as well as an increase in economic development and parks. The increase was funded from projected use of fund balance reserves and budgeted increases in franchise taxes. Actual expenditures in the General Fund were less than the amended budget by \$596,088.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets as of June 30, 2025 amounts to \$97,808,415, net of accumulated depreciation (\$90,750,092 in 2024). This investment in capital assets includes land, buildings and improvements, infrastructure, machinery, equipment, vehicles, and office furniture and equipment. Major capital asset events during the current fiscal year include the following:

- Infrastructure development, vehicles and equipment, and building improvements, all totaling \$10,797,831.

	City of Holladay's Capital Assets (net of depreciation)					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2025	2024	2025	2024	2025	2024
Land	\$ 17,883,431	\$ 17,883,431	\$ 984,116	\$ 984,116	\$ 18,867,547	\$ 18,867,547
Construction in progress	2,310,041	731,222	-	425,760	2,310,041	1,156,982
Building and improvements	15,196,559	15,825,781	-	-	15,196,559	15,825,781
Infrastructure	52,161,184	53,178,442	8,966,526	1,412,169	61,127,710	54,590,611
Office furniture and equipment	78,107	98,334	-	-	78,107	98,334
Vehicles and equipment	209,720	210,837	18,731	-	228,451	210,837
Total	<u>\$ 87,839,042</u>	<u>\$ 87,928,047</u>	<u>\$ 9,969,373</u>	<u>\$ 2,822,045</u>	<u>\$ 97,808,415</u>	<u>\$ 90,750,092</u>

Additional information on the City's capital assets can be found in Note F on page 37 of this report.

Long-term debt. At the end of the current fiscal year, the City had total long-term debt (excluding compensated absences) outstanding of \$19,210,026 including \$3,561,000 in sales tax revenue bonds secured by Class C road funds and sales tax revenues, \$5,675,000 capital projects funding and stormwater projects funding of \$7,940,000. The City also has an outstanding note payable to Salt Lake County of \$150,000, which funded some development expenditures.

	City of Holladay's Long Term Debt					
	Governmental	Governmental	Business-type	Business-type	Total	Total
	Activities	Activities	Activities	Activities		
	2025	2024	2025	2024	2025	2024
Bonds payable						
Sales tax revenue bonds	\$ 9,236,000	\$ 10,255,000	\$ 7,940,000	\$ 8,205,000	\$ 17,176,000	\$ 18,460,000
Plus: amortized premium	720,570	805,760	1,163,456	1,230,098	1,884,026	2,035,858
Total Bonds payable	9,956,570	11,060,760	9,103,456	9,435,098	19,060,026	20,495,858
Note payable	150,000	187,500	-	-	150,000	187,500
Compensated absences	144,340	121,877	6,557	5,490	150,897	127,367
Governmental activities long term liabilities	<u>\$ 10,250,910</u>	<u>\$ 11,370,137</u>	<u>\$ 9,110,013</u>	<u>\$ 9,440,588</u>	<u>\$ 19,360,923</u>	<u>\$ 20,810,725</u>

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

The City's bond rating was reviewed in May 2019 in connection with a standard bond surveillance of the revenue bonds. The "AA" rating from Standard and Poor's on its 2011 Sales Tax Revenue and Refunding Bonds was raised and affirmed to "AA+".

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 \$246,235,354 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 38-40 of this report

Economic Factors and Next Year's Budgets and Rates

Located just 10 miles south of Salt Lake City, in the foothills of the Wasatch Mountains, Holladay offers easy access to the metropolitan region and nearby canyons. It abuts U.S. Forest Service land and is well known for its heavily wooded areas of century old trees. Of the 32,000 people that reside in the City's 8 square miles, about 25.7% are under the age of 18 and 24.3% are over the age of 65. The citizens are educated and active in the community. About 79.6% of households are homeowners in established neighborhoods.

Tradition of fiscal conservatism and cost-conscious operational practices. The City has a small and efficient group of dedicated staff members that continue to provide city services at a high level of service and quality. Additional staff may be needed as programs and services expand to serve a larger population. The City participates in regional models for police and fire through contracts. These models have kept costs for law enforcement and fire protection services lower than if the City were to self-provide, but contract costs for these essential services continue to rise. The Holladay City Council and staff remain committed to finding ways to make tax dollars go further while also planning for future needs, including investment in existing infrastructure. Over the past several years, the City has engaged in a robust capital and financial planning process, which developed funding strategies for long-term capital needs. This plan is designed to invest in existing infrastructure at the most cost-effective point in the infrastructure lifecycle, extending the asset's useful life.

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

Holladay Village Project. The City has experienced significant redevelopment in the Holladay Village area and adjacent areas, including both retail, office, and residential development. A significant mixed-use project that will include both owned residential units as well as office and retail space is mostly complete as of June 2025, and a number of other projects are underway or proposed.

Cottonwood Mall Redevelopment Project. The Cottonwood Mall site has transferred ownership to a local developer, and plans are currently underway to develop the site using the existing 2008 site development master plan. This project, known as Holladay Hills, will add additional residential and commercial sites to the City landscape. Construction on a portion of the project is complete, and additional residential and commercial units are expected to be occupied by early 2026.

CITY OF HOLLADAY
Management's Discussion and Analysis
Year Ended June 30, 2025

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

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 Christian Larsen, Finance Director, 4580 S 2300 E, Holladay, Utah 84117.

BASIC FINANCIAL STATEMENTS

CITY OF HOLLADAY
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 34,904,615	\$ 1,014,319	\$ 35,918,934
Receivables			
Taxes	11,689,673	-	11,689,673
Intergovernmental	1,529,191	-	1,529,191
Other	-	101,446	101,446
Prepaid expenses	63,057	-	63,057
Cash and cash equivalents, restricted	5,840,590	2,249,203	8,089,793
Capital assets not being depreciated:			
Land	17,883,431	984,116	18,867,547
Construction in progress	2,310,041	-	2,310,041
Capital assets, net of accumulated depreciation:			
Buildings and improvements	15,196,559	-	15,196,559
Infrastructure	52,161,184	8,966,526	61,127,710
Office furniture and equipment	78,107	-	78,107
Vehicles and equipment	209,720	18,731	228,451
Total assets	<u>141,866,168</u>	<u>13,334,341</u>	<u>155,200,509</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred loss on refunding	108,150	-	108,150
Deferred outflows related to pensions	528,956	29,456	558,412
Total deferred outflows of resources	<u>637,106</u>	<u>29,456</u>	<u>666,562</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	1,818,306	233,278	2,051,584
Accrued liabilities	84,068	3,992	88,060
Unearned revenue	16,156	-	16,156
Accrued interest payable	42,953	49,626	92,579
Deposits	616,569	-	616,569
Compensated absences	109,468	6,557	116,025
Bonds payable	1,138,190	346,642	1,484,832
Note payable	150,000	-	150,000
Noncurrent liabilities:			
Compensated absences	34,872	-	34,872
Bonds payable	8,818,380	8,756,814	17,575,194
Net pension liability	392,591	21,862	414,453
Total liabilities	<u>13,221,553</u>	<u>9,418,771</u>	<u>22,640,324</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred property tax revenue	9,944,922	-	9,944,922
Deferred inflows related to pensions	1,375	77	1,452
Total deferred inflows of resources	<u>9,946,297</u>	<u>77</u>	<u>9,946,374</u>
<u>NET POSITION</u>			
Net investment in capital assets	78,510,615	2,891,866	81,402,481
Restricted for:			
Debt service	275,653	-	275,653
Capital projects	1,224,209	-	1,224,209
Community development - housing	3,724,159	-	3,724,159
Unrestricted	35,600,788	1,053,083	36,653,871
Total net position	<u>\$ 119,335,424</u>	<u>\$ 3,944,949</u>	<u>\$ 123,280,373</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Activities
For the Year Ended June 30, 2025

	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Functions / Programs								
Primary Government:								
Governmental activities								
General government	\$ 2,943,398	\$ -	\$ 702,247	\$ -	\$ (2,241,151)		\$ (2,241,151)	
Public safety	12,376,540	940,104	209,024	62,674	(11,164,738)		(11,164,738)	
Streets and public improvements	5,210,909	77,939	1,569,807	1,278,296	(2,284,867)		(2,284,867)	
Community and economic development	1,095,321	1,505,301	1,101,091	-	1,511,071		1,511,071	
Parks, recreation and public property	1,200,981	43,827	71,302	673,661	(412,191)		(412,191)	
Interest and fiscal charges on long-term debt	449,828	-	-	-	(449,828)		(449,828)	
Total governmental activities	23,276,977	2,567,171	3,653,471	2,014,631	\$ (15,041,704.00)		(15,041,704)	
Business-type activities								
Stormwater	854,802	1,177,353	-	-		322,551	322,551	
Total primary government	<u>\$ 24,131,779</u>	<u>\$ 3,744,524</u>	<u>\$ 3,653,471</u>	<u>\$ 2,014,631</u>	(15,041,704)	322,551	(14,719,153)	
General Revenues:								
		Taxes						
			Property taxes			9,108,902	-	9,108,902
			Sales taxes			6,992,770	-	6,992,770
			Franchise taxes			2,804,137	-	2,804,137
			Investment earnings			1,979,886	392,986	2,372,872
			Miscellaneous			194,032	-	194,032
			Total general revenues			21,079,727	392,986	21,472,713
			Change in net position			6,038,023	715,537	6,753,560
			Net position, beginning			113,297,401	3,229,412	116,526,813
			Net position, ending			\$ 119,335,424	\$ 3,944,949	\$ 123,280,373

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Balance Sheet – Governmental Funds
June 30, 2025

	Governmental Fund Types				
	General	Debt Service	Capital Projects	Special Revenue	Total Governmental Funds
				Redevelopment Agency	
<u>ASSETS</u>					
Cash, cash equivalents, and investments					
Unrestricted	\$ 6,944,570	\$ 1,554,514	\$ 25,969,724	\$ 435,807	\$ 34,904,615
Restricted	616,569	275,653	1,224,209	3,724,159	5,840,590
Receivables, net:					
Taxes	10,254,785	-	-	1,434,888	11,689,673
Intergovernmental	550,895	-	978,296	-	1,529,191
Interfund note receivable	-	-	1,200,000	-	1,200,000
Prepaid assets	63,057	-	-	-	63,057
Total assets	<u>\$ 18,429,876</u>	<u>\$ 1,830,167</u>	<u>\$ 29,372,229</u>	<u>\$ 5,594,854</u>	<u>\$ 55,227,126</u>
<u>LIABILITIES</u>					
Accounts payable	\$ 772,646	\$ -	\$ 974,594	\$ 71,066	\$ 1,818,306
Deposits held	616,569	-	-	-	616,569
Accrued liabilities	84,068	-	-	-	84,068
Unearned revenue - grants	16,156	-	-	-	16,156
Interfund note payable	-	-	-	1,200,000	1,200,000
Total liabilities	<u>1,489,439</u>	<u>-</u>	<u>974,594</u>	<u>1,271,066</u>	<u>3,735,099</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Unavailable revenue - property taxes	8,510,034	-	-	1,434,888	9,944,922
Total deferred inflows of resources	<u>8,510,034</u>	<u>-</u>	<u>-</u>	<u>1,434,888</u>	<u>9,944,922</u>
<u>FUND BALANCES</u>					
Nonspendable	63,057	-	1,200,000	-	1,263,057
Restricted for:					
Capital projects	-	-	1,224,209	-	1,224,209
Debt service	-	275,653	-	-	275,653
Housing projects	-	-	-	3,724,159	3,724,159
Total restricted	<u>-</u>	<u>275,653</u>	<u>1,224,209</u>	<u>3,724,159</u>	<u>5,224,021</u>
Assigned to:					
Capital projects	-	-	25,973,426	-	25,973,426
Debt service	-	1,554,514	-	-	1,554,514
Total assigned	<u>-</u>	<u>1,554,514</u>	<u>25,973,426</u>	<u>-</u>	<u>27,527,940</u>
Unassigned	8,367,346	-	-	(835,259)	7,532,087
Total fund balances	<u>8,430,403</u>	<u>1,830,167</u>	<u>28,397,635</u>	<u>2,888,900</u>	<u>41,547,105</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 18,429,876</u>	<u>\$ 1,830,167</u>	<u>\$ 29,372,229</u>	<u>\$ 5,594,854</u>	<u>\$ 55,227,126</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balances - total governmental funds	\$ 41,547,105
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	87,839,042
Long-term liabilities, including bonds payable, note payable, leases, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	(10,250,910)
Deferred loss on bonds payable refundings are not available for current period expenditures and are, therefore, deferred.	108,150
Interest payable is not due and payable in the current period and therefore is not recorded in the funds.	(42,953)
Net pension liability is not due and payable in the current period and therefore is not recorded in the funds.	(392,591)
Deferred pension outflows and inflows of resources are not associated with the use of current financial resources and, therefore, are not reported in the funds balance sheet.	
Deferred outflows related to pension	528,956
Deferred inflows related to pension	(1,375)
Net position - governmental activities	<u>\$ 119,335,424</u>

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	Governmental Fund Types				
				<u>Special Revenue</u>	
	General	Debt Service	Capital Projects	Redevelopment Agency	Total Governmental Funds
<u>REVENUES</u>					
Taxes	\$ 18,739,675	\$ -	\$ -	\$ 166,134	\$ 18,905,809
Licenses and permits	1,537,235	-	378,890	-	1,916,125
Intergovernmental	2,821,460	-	1,335,741	1,101,091	5,258,292
Charges for service	81,436	-	-	-	81,436
Fines and forfeitures	940,104	-	-	-	940,104
Interest income	780,149	16,337	967,945	215,455	1,979,886
Miscellaneous	233,348	-	-	-	233,348
Total revenues	25,133,407	16,337	2,682,576	1,482,680	29,315,000
<u>EXPENDITURES</u>					
Current:					
General government	2,041,345	-	99,755	30,000	2,171,100
Public safety	12,255,002	-	-	-	12,255,002
Streets and public improvements	3,278,445	-	36,046	-	3,314,491
Parks, recreation, and culture	902,554	-	37,262	-	939,816
Community development	1,001,672	-	-	71,566	1,073,238
Total current expenditures	19,479,018	-	173,063	101,566	19,753,647
Capital outlay:					
General Government	-	-	220,125	-	220,125
Streets and public improvements	-	-	2,160,267	-	2,160,267
Parks, recreation, and culture	-	-	504,319	-	504,319
Total capital outlay	-	-	2,884,711	-	2,884,711
Debt service:					
Principal	37,500	1,019,000	-	-	1,056,500
Interest	-	360,268	-	163,473	523,741
Total debt service	37,500	1,379,268	-	163,473	1,580,241
Total expenditures	19,516,518	1,379,268	3,057,774	265,039	24,218,599
Excess (deficiency) of revenues over (under) expenditures	5,616,889	(1,362,931)	(375,198)	1,217,641	5,096,401
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers in	127,387	1,379,268	5,937,325	-	7,443,980
Transfers out	(6,927,480)	-	(516,500)	-	(7,443,980)
Total other financing sources (uses)	(6,800,093)	1,379,268	5,420,825	-	-
Net change in fund balance	(1,183,204)	16,337	5,045,627	1,217,641	5,096,401
Fund balances at beginning of year	9,613,607	1,813,830	23,352,008	1,671,259	36,450,704
Fund balances at end of year	\$ 8,430,403	\$ 1,830,167	\$ 28,397,635	\$ 2,888,900	\$ 41,547,105

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances – Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds	\$ 5,096,401
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset purchases	2,857,022
Current year depreciation expense	(2,946,027)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the payment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	1,056,500
Interest expense	4,172
Bond premium amortization	(15,450)
Bond deferred loss amortization	85,190

Accrued pension costs are not reported as an expenditure in the current period for governmental funds but are recorded as an expense in the statement of activities.	(77,322)
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Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

	(22,463)
Change in net position of governmental activities	\$ 6,038,023

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 17,939,350	\$ 18,139,350	\$ 18,739,675	\$ 600,325
Licenses and permits	1,005,000	1,005,000	1,537,235	532,235
Intergovernmental	2,620,585	2,623,585	2,821,460	197,875
Charges for services	66,800	66,800	81,436	14,636
Fines and forfeitures	685,000	685,000	940,104	255,104
Interest on investments	600,000	600,000	780,149	180,149
Miscellaneous	114,100	122,500	233,348	110,848
Total revenues	<u>23,030,835</u>	<u>23,242,235</u>	<u>25,133,407</u>	<u>1,891,172</u>
<u>EXPENDITURES</u>				
General government				
Administrative services	1,855,655	1,863,355	1,689,043	174,312
Mayor and city council	249,973	249,973	238,505	11,468
Governmental buildings	114,000	114,000	113,797	203
Public safety				
Police	7,715,774	7,715,774	7,715,774	-
Fire and VECC	3,071,816	3,071,816	3,071,616	200
Justice court	1,098,193	1,118,446	1,116,000	2,446
Animal control	308,500	351,612	351,612	-
Streets and public improvements	3,347,028	3,362,028	3,278,445	83,583
Community and economic development				
Economic development	1,082,309	1,130,467	997,403	133,064
Planning commission	6,805	6,805	4,269	2,536
Parks, recreation, and culture	1,070,930	1,090,830	902,554	188,276
Debt service:				
Principal	37,500	37,500	37,500	-
Total expenditures	<u>19,958,483</u>	<u>20,112,606</u>	<u>19,516,518</u>	<u>596,088</u>
Excess of revenues over expenditures	<u>3,072,352</u>	<u>3,129,629</u>	<u>5,616,889</u>	<u>2,487,260</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of capital assets	-	-	-	-
Transfers in	127,387	127,387	127,387	-
Transfers out	(2,499,655)	(6,927,480)	(6,927,480)	-
Total other financing sources (uses)	<u>(2,372,268)</u>	<u>(6,800,093)</u>	<u>(6,800,093)</u>	<u>-</u>
Net change in fund balance	<u>\$ 700,084</u>	<u>\$ (3,670,464)</u>	<u>(1,183,204)</u>	<u>\$ 2,487,260</u>
Fund balance, beginning of year			<u>9,613,607</u>	
Fund balance, end of year			<u><u>\$ 8,430,403</u></u>	

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Redevelopment Agency
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Taxes	\$ 1,250,000	\$ 1,250,000	\$ 166,134	\$ (1,083,866)
Intergovernmental	2,500,000	2,500,000	1,101,091	(1,398,909)
Interest on investments	20,000	20,000	215,455	195,455
Total revenues	<u>3,770,000</u>	<u>3,770,000</u>	<u>1,482,680</u>	<u>(2,287,320)</u>
<u>EXPENDITURES</u>				
Community and economic development				
General government	30,000	30,000	30,000	-
Economic development	3,540,000	3,540,000	71,566	3,468,434
Debt service:				-
Interest	-	-	163,473	(163,473)
Total expenditures	<u>3,570,000</u>	<u>3,570,000</u>	<u>265,039</u>	<u>3,304,961</u>
Excess of revenues over expenditures	<u>200,000</u>	<u>200,000</u>	<u>1,217,641</u>	<u>1,017,641</u>
Net change in fund balance	<u>\$ 200,000</u>	<u>\$ 200,000</u>	<u>1,217,641</u>	<u>\$ 1,017,641</u>
Fund balance, beginning of year			<u>1,671,259</u>	
Fund balance, end of year			<u>\$ 2,888,900</u>	

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Net Position
Proprietary Fund - Stormwater
June 30, 2025

Assets

Current assets:

Cash and cash equivalents	\$ 1,014,319
Accounts receivable	<u>101,446</u>
Total current assets	<u>1,115,765</u>

Noncurrent assets:

Cash and cash equivalents, restricted	<u>2,249,203</u>
Capital assets:	
Land	984,116
Infrastructure	9,101,148
Vehicles and equipment	18,914
Accumulated depreciation	<u>(134,805)</u>
Net capital assets	<u>9,969,373</u>
Total noncurrent assets	<u>12,218,576</u>

Total assets	<u>13,334,341</u>
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Deferred Outflows of Resources

Deferred outflows related to pensions	<u>29,456</u>
Total deferred outflows of resources	<u>29,456</u>

Liabilities

Current liabilities:

Accounts payable	233,278
Accrued liabilities	3,992
Accrued interest payable	49,626
Compensated absences	6,557
Revenue bonds payable, current	<u>346,642</u>
Total current liabilities	<u>640,095</u>

Noncurrent liabilities:

Revenue bonds payable, due after one year	8,756,814
Net pension liability	<u>21,862</u>
Total noncurrent liabilities	<u>8,778,676</u>

Total liabilities	<u>9,418,771</u>
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Deferred Inflows of Resources

Deferred inflows related to pensions	<u>77</u>
Total deferred outflows of resources	<u>77</u>

Net Position

Net investment in capital assets	2,891,866
Unrestricted	<u>1,053,083</u>
Total net position	<u><u>\$ 3,944,949</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Fund - Stormwater
For the Year Ended June 30, 2025

Operating Revenues	
Sales and charges for services	\$ 1,177,353
Total operating revenues	<u>1,177,353</u>
Operating Expenses	
Salaries and benefits	180,707
Administration and general	26,062
Supplies and maintenance	143,199
Professional services	55,187
Depreciation	<u>114,320</u>
Total operating expenses	<u>519,475</u>
Operating income	<u>657,878</u>
Nonoperating Revenues (Expenses)	
Interest income	\$ 392,986
Interest expense	<u>(335,327)</u>
Total nonoperating revenues (expenses)	<u>57,659</u>
Change in net position	715,537
Total net position, beginning	<u>3,229,412</u>
Total net position, ending	<u><u>\$ 3,944,949</u></u>

The accompanying notes are an integral part of this financial statement.

CITY OF HOLLADAY
Statement of Cash Flows
Proprietary Fund - Stormwater
For the Year Ended June 30, 2025

Cash flows from operating activities	
Receipts from customers and users	\$ 1,271,734
Payments to suppliers	(266,399)
Payment to employees	<u>(173,152)</u>
Net cash provided by operating activities	<u>832,183</u>
Cash flows from capital and related financing activities	
Acquisition of property, plant, and equipment	(7,261,648)
Principal paid on capital debt	(265,000)
Interest paid on capital debt	<u>(403,625)</u>
Net cash used by capital and related financing activities	<u>(7,930,273)</u>
Cash flows from investing activities	
Interest received	<u>392,986</u>
Net cash provided by investing activities	<u>392,986</u>
Net decrease in cash and cash equivalents	(6,705,104)
Cash and cash equivalents, beginning of year	<u>9,968,626</u>
Cash and cash equivalents, end of year	<u><u>\$ 3,263,522</u></u>
Unrestricted cash	\$ 1,014,319
Restricted cash	<u>2,249,203</u>
Total Cash	<u><u>\$ 3,263,522</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 657,878
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	114,320
Changes in assets and liabilities:	
Accounts receivable	94,381
Accounts payable	(41,951)
Accrued liabilities	737
Compensated absences	1,067
Pension adjustments	<u>5,751</u>
Net cash provided by operating activities	<u><u>\$ 832,183</u></u>

The accompanying notes are an integral part of this financial statement.

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CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

The City did not have any other component units as of June 30, 2025.

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. 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's stormwater services are classified as business-type activities.

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

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, franchise, and other taxes). 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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The net costs (by function) are normally covered by general revenue (property, sales, franchise, and other taxes), while business-type activities rely, to a significant extent, on fees and charges for support.

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

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

Basic Financial Statements – Fund Financial Statements

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

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and enterprise funds are reported as separate columns in the financial statements.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting.

The following is a description of the major 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 fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities.
- **Redevelopment agency special revenue fund** is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes as overseen by the Holladay City Redevelopment Agency.
- **Debt service fund** is used to account for the accumulation of funds for the periodic payment of principal and interest on general long-term debt.

The City reports the following major proprietary fund:

- **Stormwater fund** accounts for the activities of the City's stormwater drainage system.

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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Accrual

The government-wide financial statements and proprietary fund financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. The principal operating revenues are charges to customers of the system for sales and services. Operating expenses include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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, and investments

Cash includes cash on hand, demand deposits with banks and other financial institutions, and deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts. The reported value of the investment fund is approximately the same as the fair value of its shares, in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash and so near their maturities that they present insignificant risk of changes in value due to fluctuations in interest rates. Investments with maturities of three months or less when purchased meet this definition.

Restricted cash and cash equivalents

Certain restricted cash and cash equivalents are held for debt service, capital projects, low-income housing, 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 at year-end.

Prepaid expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are accounted for under the consumption method.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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>Assets</u>	<u>Years</u>
Buildings and Improvements	15 - 40
Infrastructure	30
Office Furniture and Equipment	5 - 10
Vehicles and Equipment	5 - 10

Deferred outflows/inflows of resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. A deferred loss on refunding results from the difference in the carrying value of the refunded debt and the reacquisition price. The City also has deferred outflows relating to pensions.

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. The governmental funds report unavailable revenues from property taxes (property taxes which will be levied and collected more than 60 days after year end). This amount is deferred and recognized as an inflow of resources in the period in which amounts become available. The City also has deferred inflows relating to pensions.

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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Revenues – Exchange and Non-Exchange Transactions (Continued)

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.

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 bi-weekly basis and is fully vested when earned. Accumulated time off with pay cannot exceed 240 hours for vacation and 100 hours for comp time at the end of any calendar 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 maximum vacation earned by employees in the given year. Consistent with GASB 101 *Compensated Absences* (GASB 101), the City recognizes expense and the related liability as employees earn benefits that meet the recognition criteria.

The City provides employees with sick leave benefits that accumulate and carry forward; however, no payout is provided upon separation. Pursuant to GASB 101, an employer is required to recognize a liability for compensated absences when the benefits are attributable to services already rendered, accumulate from period to period, and are more likely than not to be used for time off. Any such liability is measured using employees' pay rates in effect at year-end and represents the portion of accumulated sick leave expected to be used in future periods in excess of the amounts anticipated to be earned.

The City conducted an analysis of historical sick leave usage employing a last-in, first-out (LIFO) methodology. The analysis demonstrated that sick leave usage has consistently been less than the hours accrued. Accordingly, the accumulated sick leave balance as of FY2025 is not expected to result in a recognized liability in future reporting periods under GASB 101.

The City provides employees with additional types of paid leave that do not accumulate, do not carry forward to future periods, and have no payout value upon termination. Because these leave types are neither attributable to services already rendered nor expected to be used in a future reporting period, they do not meet the recognition criteria for compensated absences under GASB 101. Accordingly, these leave benefits are recognized as expense in the period they are taken and are not included in the City's compensated absences liability.

The current and noncurrent compensated absences liabilities are maintained separately for governmental funds and constitute reconciling items between the governmental fund statements and the government-wide financial statements.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Interfund Activity

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

Pensions

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

Long-term Obligations

In the government -wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type. Bond premiums and discounts are deferred and amortized over the life of the applicable debt. In the governmental fund financial statements, bond premiums and discounts are recognized during the current period as other financing sources and uses. The par value of debt issued is also reported in the category with other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures in the current period.

Public Improvement District – Related Organization

The City facilitated the creation of the Holladay Hills Public Improvement District (the “PID”) pursuant to Utah Code Title 11 for the purpose of financing public infrastructure improvements that benefit properties within the district. The PID is a legally separate entity. The City’s governing body approved the formation of the PID and appointed the initial members of the PID’s governing board; however, the City does not have the authority to appoint a voting majority of future board members, remove existing board members, or otherwise impose its will on the organization. The City does not hold any ongoing financial interest in, or financial responsibility for, the PID and does not provide financial support. Accordingly, the PID is not reported as a component unit of the City. The PID is solely responsible for its own operations and for the repayment of any debt issued for its activities. Property owners within the district are assessed directly for the costs of those improvements, and the PID’s obligations are not liabilities of the City.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Balance

GASB Statement No. 54 provided new reporting categories for fund balance in governmental funds 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, or negative residual fund balance for other funds.

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

Estimates and assumptions

The preparation of financial statements in conformity with GAAP 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. Significant items subject to estimates and assumptions include the carrying amount of property and equipment and the realizability of sick leave time to be potentially used by or paid to employees. Actual results could differ from those estimates.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

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 Special Revenue Fund. Annual budgets are also adopted for Capital Projects and Debt Service funds. 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 unassigned 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. Additionally, Utah State Law prohibits the aggregate amount of unassigned, assigned, and committed fund balance greater than 35% of the current year's actual revenues.

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, the Redevelopment Agency, Capital Projects Fund and Debt Service Fund are prepared on the modified accrual basis of accounting. Encumbrance accounting is not used by the City.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE B – DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Deposits

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

The deposits in the bank in excess of the insured amounts are uninsured and uncollateralized. Deposits are not collateralized nor are they required to be by state statute. At June 30, 2025, \$966,584 was exposed to custodial credit risk as uninsured and uncollateralized.

Investments

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

The Act authorizes investments in both negotiable and nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as “first tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investors Services or Standard & Poor’s; bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), Federal National Mortgage Association (Fannie Mae), and Student Loan Marketing Association (Sallie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; and shares or certificates in a money market mutual fund as defined in the Act.

The City’s investments at June 30, 2025 are presented below:

Investment Type	Fair Value	Investment Maturities (in Years)		Quality Ratings
		Less Than 1	1-5	
Debt Securities				
Public Treasurer's				
Investment Fund	\$ 38,892,837	\$ 38,892,837	\$ -	Unrated
	<u>\$ 38,892,837</u>	<u>\$ 38,892,837</u>	<u>\$ -</u>	

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

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:

Investment Type	Total	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Public Treasurer's				
Investment Fund	\$ 38,892,837	\$ -	\$ 38,892,837	\$ -
Total debt securities	\$ 38,892,837	\$ -	\$ 38,892,837	\$ -

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, 2025 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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE B – DEPOSITS AND INVESTMENTS – CONTINUED

Concentration of Credit Risk – Investments

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

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

All of the City's investments at June 30, 2025 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 72 (i.e. for almost all pool investments the quoted market price as of June 30, 2025) and then compare those values to come up with an agreed upon fair value of the securities.

As of June 30, 2025, the City had \$38,892,837 invested in the PTIF which approximates fair value. The fair value of these investments was \$38,970,055 using a fair value factor of 1.00198542.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE D – RESTRICTED ASSETS AND FUND BALANCE

Cash and cash equivalents have been restricted as of June 30, 2025 for the following purposes and amounts as required by the provisions of the City’s various bond resolutions and other restrictions:

	Restricted	<u>Reported as part of:</u>	
	Cash and		Liabilities
	Cash	Fund	Payable From
	<u>Equivalents</u>	<u>Balance</u>	<u>Restricted</u>
			<u>Assets</u>
Sales tax bonds			
Current debt service	\$ 275,653	\$ 275,653	\$ -
Deposits	1,840,778	1,224,209	616,569
Tax increment revenues restricted			
for use in housing projects	<u>3,724,159</u>	<u>3,724,159</u>	<u>-</u>
	<u>\$ 5,840,590</u>	<u>\$ 5,224,021</u>	<u>\$ 616,569</u>

NOTE E – INTERGOVERNMENTAL RECEIVABLES

Intergovernmental receivables consist of \$1,529,191 at June 30, 2025, representing the following: Class C road funds from the State of Utah for the quarter then ended, a reimbursement from the County for public works, other grants earned but not yet received, and court shared costs from two other municipalities.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE F – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 is as follows:

	07/01/24	Increases	Decreases	06/30/25
<u>Governmental activities</u>				
Capital assets, not depreciated:				
Land	\$ 17,883,431	\$ -	\$ -	\$ 17,883,431
Construction in progress	731,222	1,832,220	(253,401)	2,310,041
Total capital assets, not depreciated	18,614,653	1,832,220	(253,401)	20,193,472
Capital assets, depreciated:				
Buildings and improvements	24,477,306	-	-	24,477,306
Infrastructure	94,272,725	1,237,853	-	95,510,578
Office furniture and equipment	686,603	-	-	686,603
Vehicles and equipment	1,438,579	40,350	-	1,478,929
Total capital assets, depreciated	120,875,213	1,278,203	-	122,153,416
Accumulated depreciation:				
Buildings and improvements	8,651,525	629,222	-	9,280,747
Infrastructure	41,094,283	2,255,111	-	43,349,394
Office furniture and equipment	588,269	20,227	-	608,496
Vehicles and equipment	1,227,742	41,467	-	1,269,209
Total accumulated depreciation	51,561,819	2,946,027	-	54,507,846
Depreciable capital assets, net of accumulated depreciation	69,313,394	(1,667,824)	-	67,645,570
Governmental capital assets, net	<u>\$ 87,928,047</u>	<u>\$ 164,396</u>	<u>\$ (253,401)</u>	<u>\$ 87,839,042</u>
<u>Business-type activities</u>				
Capital assets, not depreciated:				
Land	\$ 984,116	\$ -	\$ -	\$ 984,116
Construction in progress	425,760	-	(425,760)	-
Total capital assets, not depreciated	1,409,876	-	(425,760)	984,116
Capital assets, depreciated:				
Infrastructure	1,432,654	7,668,494	-	9,101,148
Vehicles and equipment	-	18,914	-	18,914
Accumulated depreciation:				
Infrastructure	20,485	114,137	-	134,622
Vehicles and equipment	-	183	-	183
Business-type activities capital assets, net	<u>\$ 2,822,045</u>	<u>\$ 7,573,088</u>	<u>\$ (425,760)</u>	<u>\$ 9,969,373</u>
Depreciation was charged to the functions as follows:				
Governmental activities:				
General government				\$ 690,179
Public safety				99,720
Highways and public improvements				1,863,464
Parks, recreation, and culture				292,664
Total depreciation expense - governmental activities				<u>\$ 2,946,027</u>
Business-type activities:				
Stormwater				<u>\$ 114,320</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE G – LONG-TERM DEBT

Long-term debt consists of the following as of June 30, 2025:

Sales Tax Revenue Refunding Bonds, Series 2020, original issue of \$5,200,000, principal payments due in annual installments starting in November 2020, interest at 1.68% to 2.13%, with the final payment due November 2031. These bonds were issued to finance the partial refunding of the Series 2011 Sales Tax Revenue Bonds and paying the costs of issuance. Debt service payments will be backed by the General Fund sales tax revenues. \$ 3,561,000

Sales Tax Revenue Bonds, Series 2022, original issue of \$7,100,000, principal payments due in annual installments starting in November 2022, interest at 5%, with the final payment due November 2033. These bonds were issued to finance road projects and paying the costs of issuance. Debt service payments will be backed by the General Fund sales tax revenues. 5,675,000

Plus: unamortized premiums on bond above 720,570

Total tax revenue bonds 9,956,570

Note payable obligation with Salt Lake County, payable in annual installments beginning in 2017 of \$37,500. The note is non-interest bearing until maturity in 2026, at which time there is a balloon payment of \$150,000. 150,000

Compensated absences 144,341

Total other obligations 294,341

Total long-term debt, governmental activities 10,250,911

Sales Tax Revenue Bonds, Series 2022, original issue of \$8,730,000, principal payments due in annual installments starting in November 2022, interest at 5%, with the final payment due November 2042. These bonds were issued to finance stormwater projects and paying the costs of issuance. Debt service payments will be backed by the General Fund sales tax revenues. \$ 7,940,000

Plus: unamortized premiums on bond above 1,163,456

Total sales tax revenue bonds 9,103,456

Compensated absences 6,557

Total long-term debt, business-type activities \$ 9,110,013

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE G – LONG-TERM DEBT – CONTINUED

The following is a summary of the changes in governmental activities long-term debt for the year ended June 30, 2025:

	<u>07/01/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/25</u>	<u>Due Within One Year</u>
<u>Governmental activities</u>					
Bonds payable:					
Sales Tax Revenue Bonds	\$ 10,255,000	\$ -	\$(1,019,000)	\$ 9,236,000	\$ 1,053,000
Plus: unamortized premiums	805,760	-	(85,190)	720,570	85,190
Total bonds payable	11,060,760	-	(1,104,190)	9,956,570	1,138,190
Note payable	187,500	-	(37,500)	150,000	150,000
Compensated absences*	121,877	22,463	-	144,340	109,468
Governmental activities, long-term liabilities	<u>\$ 11,370,137</u>	<u>\$ 22,463</u>	<u>\$(1,141,690)</u>	<u>\$ 10,250,910</u>	<u>\$ 1,397,658</u>

*The change in compensated absences above is a net change for the year.

As of June 30, 2025, annual debt service requirements to maturity of governmental activities are as follows:

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 1,053,000	\$ 326,263	\$ 1,379,263
2027	1,091,000	290,824	1,381,824
2028	1,129,000	253,833	1,382,833
2029	1,165,000	215,307	1,366,307
2030	1,206,000	175,139	1,381,139
2031-2034	3,592,000	301,705	3,893,705
	9,236,000	1,563,071	10,785,071
Plus: unamortized premium	720,570		
Total Revenue Bonds Payable	<u>\$ 9,956,570</u>		

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

<u>Year Ending June 30,</u>	<u>Note payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 150,000	\$ -	\$ 150,000
	<u>\$ 150,000</u>	<u>\$ -</u>	<u>\$ 150,000</u>

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE G – LONG-TERM DEBT – CONTINUED

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

The following is a summary of the changes in business-type activities long-term debt for the year ended June 30, 2025:

	<u>07/01/24</u>	<u>Increases</u>	<u>Decreases</u>	<u>06/30/25</u>	<u>Due Within One Year</u>
<u>Business-type activities</u>					
Bonds payable:					
Sales Tax Revenue Bonds	\$ 8,205,000	\$ -	\$ (265,000)	\$ 7,940,000	\$ 280,000
Plus: unamortized premiums	1,230,098	-	(66,642)	1,163,456	66,642
Total bonds payable	9,435,098	-	(331,642)	9,103,456	346,642
Compensated absences*	5,490	1,067	-	6,557	6,557
Business-type activities, long-term liabilities	<u>\$ 9,440,588</u>	<u>\$ 1,067</u>	<u>\$ (331,642)</u>	<u>\$ 9,110,013</u>	<u>\$ 353,199</u>

*The change in compensated absences above is a net change for the year.

As of June 30, 2025, annual debt service requirements to maturity of business-type activities are as follows:

<u>Year Ending June 30,</u>	<u>Bonds Payable</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
2026	\$ 280,000	\$ 390,000	\$ 670,000
2027	295,000	375,625	670,625
2028	310,000	360,500	670,500
2029	325,000	344,625	669,625
2030	340,000	328,000	668,000
2031-2035	1,980,000	1,359,500	3,339,500
2036-2040	2,550,000	796,250	3,346,250
2041-2043	1,860,000	142,500	2,002,500
	7,940,000	<u>\$ 4,097,000</u>	<u>\$ 12,037,000</u>
Plus: unamortized premium	1,163,456		
Total Revenue Bonds Payable	<u>\$ 9,103,456</u>		

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE H – PLEDGED REVENUES

In 2011, the City pledged a portion of future sales tax revenues totaling \$11,292,338 to pay debt service on sales tax revenue 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. These bonds were partially refunded and defeased (Series 2020) and the final payment obligation of the City was made in fiscal year 2022 to retire the Series 2011 bonds. Sales tax revenues will be committed to the repayment of the new bonds (Series 2020) until November 2031. The revenues are projected to produce approximately 1,000% of the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$593,268 which equaled the amount of the pledged revenues for the year.

In 2022, the City also pledged future sales tax revenues totaling \$28,974,912 to pay debt service on sales tax revenue bonds issued in June 2022. Proceeds from these bonds are to be used to finance construction and maintenance on various road and stormwater projects. Sales tax revenues will be committed to the repayment of the new bonds (Series 2022) until November 2042. The revenues are projected to produce sufficient resources to service the debt service requirements over the life of the bonds. For the current year, principal and interest paid on the bonds was \$786,000 for governmental activities and \$668,625 for business type activities which together equaled the amount of the pledged revenues for the year.

NOTE I - RETIREMENT PLANS

General Information about the Pension Plan

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

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

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

General Information about the Pension Plan (Continued)

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

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years any age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%

*with actuarial reductions

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

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the Utah State Retirement Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates as of June 30, 2025 are as follows:

	Employee Paid	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System			
111- Local Governmental Division Tier 2	0.70%	15.19%	N/A
Noncontributory System			
15- Local Governmental Division Tier 1	N/A	16.97%	N/A
Tier 2 DC Only			
211 - Local Government	N/A	5.19%	10.00%

Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

For fiscal year ended June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 138,222	N/A
Tier 2 Public Employees System	149,389	6,884
Tier 2 DC Only System	23,066	N/A
Total Contributions	<u>\$ 310,677</u>	<u>\$ 6,884</u>

Contributions reported are the URS Board approved required contributions to the System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2025, the City reported no net pension asset of and a net pension liability of \$414,453.

	(Measurement Date): December 31, 2024			Proportionate Share	
	Net Pension Asset	Net Pension Liability	Proportionate Share	December 31, 2023	Change
Noncontributory System	\$ -	\$ 325,650	0.1026927%	0.1065803%	-0.0038876%
Tier 2 Public Employees System	-	88,803	0.0297755%	0.0211279%	0.0086476%
Total Net Pension Asset / Liability	<u>\$ -</u>	<u>\$ 414,453</u>			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the Systems during the plan year.

For the year ended June 30, 2025, the City recognized pension expense of \$394,234.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 232,431	\$ 612
Changes in assumptions	56,596	9
Net difference between projected and actual earnings on pension plan investments	103,767	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,093	831
Contributions subsequent to the measurement date	155,525	-
Total	<u>\$ 558,412</u>	<u>\$ 1,452</u>

\$155,525 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 196,461
2026	194,755
2027	(33,494)
2028	585
2029	19,380
Thereafter	23,748

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

Pension Expense, Deferred Outflows and Inflows of Resources by System:

Noncontributory System

For the year ended June 30, 2025, the City recognized pension expense of \$297,804.

At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 194,041	\$ -
Changes in assumptions	26,937	-
Net difference between projected and actual earnings on pension plan investments	98,091	-
Changes in proportion and differences between contributions and proportionate share of contributions	131	-
Contributions subsequent to the measurement date	68,593	-
Total	<u>\$ 387,793</u>	<u>\$ -</u>

\$68,593 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 186,782
2026	179,488
2027	(39,802)
2028	(7,268)

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

Tier 2 Public Employees System

For the year ended June 30, 2025, the City recognized pension expense of \$96,430. At June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,390	\$ 612
Changes in assumptions	29,659	9
Net difference between projected and actual earnings on pension plan investments	5,676	-
Changes in proportion and differences between contributions and proportionate share of contributions	9,962	831
Contributions subsequent to the measurement date	86,932	-
Total	<u>\$ 170,619</u>	<u>\$ 1,452</u>

\$86,932 was reported as deferred outflows of resources related to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	\$ 9,679
2026	15,267
2027	6,308
2028	7,853
2029	19,380
Thereafter	23,748

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

Actuarial assumptions: The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on an actuarial experience study for the period ending December 31, 2023.

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100%		5.80%
		Inflation	2.50%
		Expected arithmetic nominal return	8.30%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% that is net of investment expense.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

Discount rate: The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85%) or 1-percentage-point higher (7.85%) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,377,234	\$ 325,650	\$ (556,288)
Tier 2 Public Employees System	265,231	88,802	(48,442)
Total	<u>\$ 1,642,464</u>	<u>\$ 414,453</u>	<u>\$ (604,729)</u>

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

Defined Contribution Savings Plans

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City participates in the following Defined Contribution Savings Plans with URS:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE I - RETIREMENT PLANS – CONTINUED

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for the year ended June 30, 2025 were as follows:

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan*			
Employer contributions	\$ 127,056	\$ 95,371	\$ 65,532
Employee contributions	93,174	76,907	66,281
457 Plan			
Employer contributions	2,340	545	-
Employee contributions	21,615	15,297	9,165
Roth IRA Plan			
Employer contributions	N/A	N/A	N/A
Employee contributions	780	780	1,780

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

NOTE J – COMMITMENTS

The City has entered into contracts with Salt Lake County for public works services. The contracts agreement is for approximately \$3,025,579 for services that expire June 30, 2026.

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 Unified 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, 2025 through June 30, 2026, is approximately \$3,198,058.

Similarly, the City has entered into a cooperative agreement with several other cities to create a governmental entity known as the Unified Police Department to provide police services for the member cities. The City's estimated share of the operating costs of this entity for the period from July 1, 2025 through June 30, 2026 is approximately \$8,239,431.

The City has also entered into a contract with Salt Lake County for animal control services. The contract calls for annual payments of approximately \$360,244 and expires June 30, 2026.

NOTE K – 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 2025. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE L - INTERFUND RECEIVABLES AND PAYABLES

Individual fund receivables and payables at June 30, 2025, are as follows:

<u>Due to other funds</u>	<u>Due from other funds</u>	<u>Amount</u>
Redevelopment agency	Capital Projects fund	<u>\$ 1,200,000</u>

The interfund receivables/payables consist of an original note receivable/payable of \$3,700,000 between the Redevelopment Agency and the Capital Projects Fund. This note was used to support specific capital expenditures and repayment of principal began in FY2025. The remaining balance will be repaid at such time the revenues from a particular economic development area are fully realized. In the meantime, interest is payable annually at a rate equal to what the City earns on its investments held with the Utah Public Treasurer's Investment Fund.

NOTE M - 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>
General Fund	\$ 127,387	\$ 6,927,480
Capital Projects Fund	5,937,325	516,500
Debt service	<u>1,379,268</u>	<u>-</u>
	<u>\$ 7,443,980</u>	<u>\$ 7,443,980</u>

NOTE N - 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.

CITY OF HOLLADAY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2025

NOTE O – TAX ABATEMENTS

The City may negotiate property, sales, and transient room tax abatement agreements with local businesses primarily through its RDA and under the state Limited Purpose Local Government Entities Act. Under the Act, the City may authorize a rebate of these taxes through a written development improvement agreement between the City and the developer. The amount of the tax rebate is based on the provisions as stated in the written agreement. The City further approves these rebates through its budget process, adopted annually by ordinance. The purpose of the tax abatements is to promote economic growth within the City.

The City, as of June 30, 2025, has entered into two active abatement agreements with developers. The developers met their eligibility requirements in previous years by making all the required project area development improvements outlined in the written agreement. The first agreement granted the developer 50% of the transient room tax from the constructed hotel and 50% of the sales taxes remitted from the identified project area for 22.5 years. The City obtained a 15-year loan from Salt Lake County at no-interest for \$450,000 to be used by the developer for the improvements. Beginning in year six of the loan, an annual payment of \$37,500 per year through year 15 will be required. In addition, a balloon payment of \$112,500 will occur at the end of year 15. The developer's rebate portion will be reduced by these payment requirements and any excess will be rebated to the developer. If a deficiency in the rebate exists, the developer will be responsible for that deficiency portion. The second agreement calls for the developer to receive a maximum tax increment rebate of \$750,000, after all applicable City portions are retained first as outlined in the agreement. The max rebate can be reduced for any failures by the developer to satisfy the conditions precedent in the eligibility requirements of the agreement.

For the fiscal year ended June 30, 2025, the City abated the following taxes:

RDA Project Area Tax Abatements	Increment, Sales and Transient Room Taxes	Total Payments	Abatement
	Abated in 2025 (net)	in Previous Years	Expires
The Canyon Slope Square Project*	\$ 47,918	\$ 477,072	2035
Holladay Village Center Project Area*	71,066	494,772	2026

*Certain amounts have been reclassified in the 2024 financial statements to conform with the 2025 presentation.

NOTE P – CHANGE IN ACCOUNTING PRINCIPLE

During the fiscal year, the City implemented GASB Statement No. 101, *Compensated Absences*. The implementation resulted in a change in accounting principle related to the recognition and measurement of compensated absences. In accordance with GASB 101, the City recognizes liabilities for leave benefits that accumulate, carry forward, and are more likely than not to be used for time off or otherwise settled. The change has been applied retrospectively where practicable.

The City also implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*, and GASB Statement No. 102, *Certain Risk Disclosures*. Implementation of GASB 100 and GASB 102 did not have a material impact on the City's financial statements for the current period.

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REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HOLLADAY
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY – UTAH RETIREMENT SYSTEMS
For the Fiscal Year ended June 30, 2025
With a Measurement Date of December 31, 2024
Last 10 Fiscal Years

	As of	Proportion of	Proportionate		Proportionate Share	Plan Fiduciary
	December 31,	Net Pension	Share of the	Covered	of the Net Pension	Net Position as
		Liability (Asset)	Net Pension	Payroll	Liability (Asset) as	a Percentage of
			Liability (Asset)		a Percentage of its	the Total Pension
					Covered	Liability (Asset)
					Payroll	
Noncontributory System	2015	0.1071115%	\$ 606,089	\$ 948,284	63.90%	87.80%
	2016	0.1142497%	733,623	1,006,751	72.87%	87.30%
	2017	0.1019250%	446,564	868,721	51.40%	91.90%
	2018	0.1055020%	776,888	888,602	87.43%	87.00%
	2019	0.1053034%	396,875	914,214	43.41%	93.70%
	2020	0.1042243%	53,461	99,140	5.75%	99.20%
	2021	0.1206219%	(690,815)	1,113,075	-62.06%	108.70%
	2022	0.1107441%	189,677	1,051,049	18.05%	97.50%
	2023	0.1065803%	247,220	969,889	25.47%	96.90%
	2024	0.1026927%	325,650	804,803	40.46%	96.02%
Tier 2 Public Employees System	2015	0.0000000%	\$ -	\$ 60,687	0.00%	100.20%
	2016	0.0222287%	2,480	182,293	1.36%	95.10%
	2017	0.0189876%	1,674	185,758	0.90%	97.40%
	2018	0.0215773%	9,241	252,026	3.67%	90.80%
	2019	0.0174425%	3,923	242,221	1.62%	96.50%
	2020	0.0131314%	1,889	210,129	0.90%	98.30%
	2021	0.0116426%	(4,928)	215,802	-2.28%	103.80%
	2022	0.0134319%	14,626	292,509	5.00%	92.30%
	2023	0.0211279%	41,123	546,228	7.53%	89.58%
	2024	0.0297755%	88,803	881,588	10.07%	87.44%

CITY OF HOLLADAY
SCHEDULE OF CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS
For the Fiscal Year ended June 30, 2025
With a Measurement Date of December 31, 2024
Last 10 Fiscal Years*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Payroll
Noncontributory System	2016	\$ 172,793	\$ 172,793	\$ -	\$ 960,428	17.99%
	2017	163,644	163,644	-	1,599,416	17.96%
	2018	166,133	166,133	-	917,646	18.10%
	2019	165,065	165,065	-	895,788	18.43%
	2020	170,707	170,707	-	924,243	18.47%
	2021	190,572	190,572	-	1,031,793	18.47%
	2022	196,761	196,761	-	1,065,300	18.47%
	2023	183,563	183,563	-	1,021,496	17.97%
	2024	157,593	157,593	-	876,978	17.97%
	2025	138,222	138,222	-	814,505	16.97%
Tier 2 Public Employees System*	2016	\$ 18,284	\$ 18,284	\$ -	\$ 122,629	14.91%
	2017	27,223	27,223	-	182,583	14.91%
	2018	33,771	33,771	-	223,502	15.11%
	2019	36,076	36,076	-	232,149	15.54%
	2020	39,906	39,906	-	254,829	15.66%
	2021	29,680	29,680	-	187,850	15.80%
	2022	40,395	40,395	-	251,367	16.07%
	2023	61,652	61,652	-	385,084	16.01%
	2024	114,140	114,140	-	712,927	16.01%
	2025	149,389	149,389	-	983,471	15.19%
Tier 2 Public Employees DC Only System*	2016	\$ 1,304	\$ 1,304	\$ -	\$ 19,488	6.69%
	2017	3,944	3,944	-	58,955	6.69%
	2018	7,016	7,016	-	104,873	6.69%
	2019	4,458	4,458	-	66,641	6.69%
	2020	5,206	5,206	-	77,826	6.69%
	2021	6,474	6,474	-	96,777	6.69%
	2022	8,220	8,220	-	122,877	6.69%
	2023	9,888	9,888	-	159,737	6.19%
	2024	19,146	19,146	-	309,301	6.19%
	2025	23,066	23,066	-	444,434	5.19%

Note:

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

* Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011.

CITY OF HOLLADAY
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Fiscal Year ended June 30, 2025
With a Measurement Date of December 31, 2024

1. ACTUARIALLY DETERMINED PENSION CONTRIBUTIONS

Contribution rates include an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are determined using the entry age actuarial cost method.

Contributions made were in accordance with actuarially computed funding requirements. For contribution rate purposes the actuary evaluates the assets of the plan based on a 5-year smoothed expected return wherein 20 percent of a year's excess or shortfall of expected return is recognized each year for five years.

2. CHANGES IN ASSUMPTIONS

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

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SUPPLEMENTAL SCHEDULES

CITY OF HOLLADAY
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Licenses and permits	\$ 107,000	\$ 107,000	\$ 378,890	\$ 271,890
Intergovernmental	975,000	1,720,000	1,335,741	(384,259)
Interest on investments	230,000	780,000	967,945	187,945
Total revenues	1,312,000	2,607,000	2,682,576	75,576
<u>EXPENDITURES</u>				
General government	65,000	144,755	99,755	45,000
Streets and public improvements	80,000	80,000	36,046	43,954
Parks, recreation, and culture	60,000	60,000	37,262	22,738
Capital outlay:				
General government	922,061	922,061	220,125	701,936
Streets and public improvements	3,038,254	4,152,581	2,160,267	1,992,314
Parks, recreation, and culture	925,000	2,749,492	504,319	2,245,173
Total expenditures	5,090,315	8,108,889	3,057,774	5,051,115
Excess of revenues over expenditures	(3,778,315)	(5,501,889)	(375,198)	5,126,691
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,232,000	6,567,995	5,937,325	(630,670)
Transfers out	(1,039,670)	(1,047,170)	(516,500)	530,670
Total other financing sources (uses)	1,192,330	5,520,825	5,420,825	(100,000)
Net change in fund balance	\$ (2,585,985)	\$ 18,936	5,045,627	\$ 5,026,691
Fund balance, beginning of year			23,352,008	
Fund balance, end of year			<u>\$ 28,397,635</u>	

CITY OF HOLLADAY
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
Debt Service Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget
<u>REVENUES</u>				
Interest on investments	\$ -	\$ -	\$ 16,337	\$ 16,337
Total revenues	-	-	16,337	16,337
<u>EXPENDITURES</u>				
Debt service:				
Principal	1,262,093	1,687,625	1,019,000	668,625
Interest	786,000	360,268	360,268	-
Total expenditures	2,048,093	2,047,893	1,379,268	668,625
Excess of revenues over expenditures	(2,048,093)	(2,047,893)	(1,362,931)	\$ 684,962
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers in	2,048,093	2,047,893	1,379,268	668,625
Total other financing sources (uses)	2,048,093	2,047,893	1,379,268	668,625
Net change in fund balance	\$ -	\$ -	16,337	\$ 1,353,587
Fund balance, beginning of year			1,813,830	
Fund balance, end of year			<u>\$ 1,830,167</u>	

COMPLIANCE REPORTS



COMMITTED. EXPERIENCED. TRUSTED.

PARTNERS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Honorable Mayor and Members of City Council
City of Holladay, Utah

We have audited, 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, the financial statements of the governmental activities, the business-type activities, and each major fund of the City of Holladay, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBME, LLC

December 8, 2025
Bountiful, Utah



COMMITTED. EXPERIENCED. TRUSTED.

PARTNERS

MICHAEL L. SMITH, CPA
JASON L. TANNER, CPA
ROBERT D. WOOD, CPA
AARON R. HIXSON, CPA
TED C. GARDINER, CPA
JEFFREY B. MILES, CPA
JESSE S. MALMROSE, EA
JANICE ANDERSON, EA
TROY F. NILSON, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Mayor and Members of the City Council
City of Holladay, Utah

Report On Compliance

We have audited City Of Holladay's (the City) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2025.

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Restricted Revenues
- Fraud Risk Assessment
- Government Fees
- Utah Retirement Systems
- Impact Fees

Opinion on Compliance

In our opinion, the City of Holladay complied, in all material respects, with the state compliance requirements referred for the year ended June 30, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to

provide a basis for our opinion. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *Guide*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide* but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or to detect and correct noncompliance with a state compliance requirement on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a state compliance requirement will not be prevented or detected and corrected on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of This Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *Guide*. Accordingly, this report is not suitable for any other purpose.

HBMC, LLC

December 8, 2025
Bountiful, Utah

CITY OF HOLLADAY

RESOLUTION No. 2025-34

A RESOLUTION GRANTING ADVICE AND CONSENT OF THE CITY COUNCIL FOR THE APPOINTMENT OF MEMBERS TO THE HOLLADAY ARTS COUNCIL AS ESTABLISHED IN SECTION 2.08010F OF THE HOLLADAY CITY CODE.

WHEREAS, the City Manager has the responsibility and authority pursuant to Section 2.08.010B, City of Holladay, Code of Ordinances to appoint individuals to various boards and commissions; and

WHEREAS, the City Manager has appointed two (2) members to serve as members of the Holladay Arts Council for terms not to exceed two, three (3) year terms; and

WHEREAS, the City Council has the responsibility pursuant to Section 2.08.010 to give advice and consent on all appointments to City boards and commissions; and

WHEREAS, the City Council has met in a regular session to consider these appointments.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Holladay, Utah as follows:

Section 1. Appointment. The City Council hereby gives advice and its consent to the appointment of the following to the Arts Council for said term shall be as follows:

<u>Name</u>	<u>Date Term Begins</u>	<u>Date Term Ends</u>
Katharine Schwei	12-11-2025	12-31-2028
Andrew McClellan	12-11-2025	12-31-2028

PASSED AND APPROVED this 11th day of December, 2025.

HOLLADAY CITY COUNCIL

By: _____
Robert Dahle, Mayor

CITY OF HOLLADAY

RESOLUTION No. 2025-35

A RESOLUTION GRANTING ADVICE AND CONSENT OF THE CITY COUNCIL FOR THE RE-APPOINTMENT OF TWO MEMBERS TO THE HISTORICAL COMMISSION AS ESTABLISHED IN SECTION 2.08010E OF THE HOLLADAY CITY CODE.

WHEREAS, the City Manager has the responsibility and authority pursuant to Section 2.08.010B, City of Holladay, Code of Ordinances to appoint individuals to various boards and commissions, subject to the advice and consent of the City Council; and

WHEREAS, the City Manager has appointed one (1) serve as members of the Holladay Arts Council for terms not to exceed two, three (3) year terms; and

WHEREAS, the City Council has the responsibility pursuant to Section 2.08.010 to give advice and consent on all appointments to City boards and commissions; and

WHEREAS, the City Council has met in a regular session to consider this proposed appointment.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Holladay, Utah as follows:

Section 1. Appointment. The City Council hereby gives advice and its consent to the appointment of Greta Marsalis to serve as a members of the Historical Commission for a term not to exceed three (3) years, to expire on December 31, 2028.

Section 2. Severability. If any section, part or provision of this Resolution is held invalid or unenforceable, such invalidity or unenforceability shall not affect any other portion of this Resolution, and all sections, parts and provisions of this Resolution shall be severable.

Section 3. Effective Date. This Resolution shall become effective immediately upon its approval by the City Council.

PASSED AND APPROVED this 11th day of December, 2025.

HOLLADAY CITY COUNCIL

By: _____
Robert Dahle, Mayor

**NOTICE OF THE BOARD OF DIRECTORS MEETING OF THE
CITY OF HOLLADAY REDEVELOPMENT AGENCY
THURSDAY, DECEMBER 11, 2025**

PUBLIC NOTICE IS HEREBY GIVEN that the Holladay Redevelopment Agency will hold a meeting on **Thursday, December 11, 2025 as close to 6:30 pm as possible**. It is possible that a member of the Board will be participating by electronic means. The Council Chambers shall serve as the anchor location. **NOTE:** *State Law requires that the City Council members constitute the Board of the Redevelopment Agency.*

All documents that are available to the RDA Board are also available on the City's website or are linked in this agenda. Interested parties are encouraged to watch the **Live video stream** of the meeting – <http://cityofholladay.com/government/elected-officials/meetings-and-agendas/>

Persons desiring to make public comments or to make comments during any public hearing may provide such comments as follows:

1. **In-person attendance:** at Holladay City Hall .
2. **Email** your comments by 5:00 pm on the date of the meeting to scarlson@holladayut.gov

AGENDA

- I. ***Call to Order –Chairman Brewer***
- II. ***Public Hearing on Royal Holladay Hills Housing Affordable Housing Agreement***
- III. ***Other Business***
- IV. ***Adjourn***

CERTIFICATE OF POSTING

The above agenda notice was posted at City Hall, the City website www.holladayut.gov, the Utah Public Notice website www.utah.gov/pmn, and the Holladay Library.

DATE POSTED: Tuesday, December 9, 2025

*Stephanie N. Carlson, MMC, City Recorder
City of Holladay*

Reasonable accommodations for individuals with disabilities or those in need of language interpretation services can be provided upon request. For assistance, please call the City Recorder's office at 272-9450 at least three days in advance. TTY/TDD number is (801)270-2425 or call Relay Utah at #7-1-1