

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

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December 27, 2012

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

In planning and performing our audit of the financial statements of the City of Holladay (the City) for the year ended June 30, 2012, we noted certain matters for your consideration. This letter summarizes our comments and suggestions regarding those matters. This letter does not affect our report dated December 27, 2012, on the financial statements of the City. Also, significant deficiencies, including those considered to be material weaknesses, if any, are included in our report dated December 27, 2012, in accordance with *Government Auditing Standards*.

*Osborne Robbins & Buhler PLLC*

## STATE OF UTAH LEGAL COMPLIANCE

### State of Utah Legal Compliance Finding # 2012-A

#### Fund Balance Limitations

Fund balance in the General Fund may not exceed 18% of the total estimated revenue of the General Fund, where total estimated revenue is next year's (2012-2013) total General Fund budgeted revenues, minus any beginning fund balances appropriated. The City's General Fund balance as of June 30, 2012 is 19.8% of the 2012-2013 budgeted revenues in the General Fund which exceeds the legal limit.

#### Recommendation

The City is required to budget the excess within the next budget year (fiscal year 2013-2014).

#### Management Response and Action Plan

Management will budget the required reduction in unrestricted fund balance in the General Fund and anticipates reducing fund balance to the appropriate level by June of 2014.

### State of Utah Legal Compliance Finding # 2012-B

#### Expenditures in Excess of Budgets

The City incurred expenditures in excess of approved budget amounts in the following governmental fund:

	<u>Expenditures in Excess of Budget</u>
Redevelopment Agency Fund	
Community Development – Village Center	\$1,034,889
Interest – Village Center	36,604

#### Recommendation

The City should closely monitor expenditures, including expenditures related to long term debt and contracts. The City should amend the budget throughout the year as circumstances change and additional expenditures become necessary.

#### Management Response and Action Plan

The City will closely monitor expenditures to ensure they do not exceed budget amounts, in addition a more comprehensive analysis of revenues and expenditures, will be made and incorporated into future budgets.