



HERRIMAN, UTAH

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**



Prepared by:

**Alan W. Rae
Finance Director**

**Comprehensive Annual Financial Report
Table of Contents
June 30, 2014**

INTRODUCTORY SECTION

Letter of Transmittal.....	4
Organizational Chart.....	9
List of Elected and Appointed Officials.....	10

FINANCIAL SECTION

Independent Auditors' Report	12
Management's Discussion and Analysis.....	15
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	25
Statement of Activities	26
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	27
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	28
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual – General Fund	30
Statement of Net Position – Proprietary Fund-Water Fund	32
Statement of Revenues, Expenditures, and Changes in Fund Net Position – Proprietary Fund-Water Fund	33
Statement of Cash Flows – Proprietary Fund-Water Fund	34
Statement of Assets & Liabilities – Agency Fund-Developer Bonds	35
Statement of Assets & Liabilities – Agency Fund-Hi Country II.....	36
Statement of Assets & Liabilities – Agency Fund-Hi Country I.....	37
Notes to the Financial Statements	38
Required Supplemental Information	
Herriman Towne Center Fund Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual.....	59
Supplemental Information	
Combining Statements:	
Combining Balance Sheet—Non-Major Governmental Funds.....	63
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –Non-Major Governmental Funds	64
Budgetary Comparison Schedules	
Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Herriman Parkway Fund.....	66
Mayor Crane Parks Fund	67
Public Safety Fee Fund	68

**Comprehensive Annual Financial Report
Table of Contents
June 30, 2014**

Debt Service Fund	69
Park Impact Fee Fund.....	70
Road Impact Fee Fund	71
Storm Drain Impact Fee Fund	72
Street Sign Impact Fee Fund	73
Street Light Impact Fee Fund	74
Capital Projects Fund	75
Statement of Changes in Assets and Liabilities – Agency Funds	
Developer Bonds.....	76
Hi Country II	77
Hi Country I	78

STATISTICAL SECTION: (UNAUDITED)

Net Position by Component	81
Changes in Net Position.....	82
Fund Balances of Governmental Funds.....	85
Changes in Fund Balances of Governmental Funds	86
Governmental Activities Tax Revenues by Source	87
Assessed Value of Estimated Actual Value of Taxable Property	88
Property Tax Rates – Direct and Overlapping Governments.....	89
Principal Property Taxpayers.....	91
Property Tax Levies and Collections.....	92
Ratios of Outstanding Debt by Type.....	93
Ratios of General Bonded Debt Outstanding	94
Direct and Overlapping Governmental Activities Debt	95
Legal Debt Margin Information	96
Pledged Revenue Coverage.....	97
Demographics and Economic Statistics.....	98
Principal Employers	99
Operating Indicators by Function.....	100

FEDERAL AND STATE AUDIT REPORTS:

Report on Compliance and on Internal Control over Financial Reporting	101
Report on Compliance with State Fiscal Laws	103
Schedule of Expenditures of State Awards	106
Findings & Recommendations.....	107





December 31, 2014

To the Honorable Mayor, Members of the City Council,
Citizens of Herriman City

It is our great pleasure to present the Comprehensive Annual Financial Report (CAFR) for Herriman City for the year ended June 30, 2014.

Utah State law requires that all local governments publish, within six months of the close of each fiscal year, the complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Comprehensive Annual Financial Report (CAFR) of Herriman City for the fiscal year ended June 30, 2014.

This report consists of management's representations concerning the finances of Herriman City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Herriman City has established comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of Herriman City's financial statements in conformity with generally accepted accounting principles. Since the cost of internal controls should not outweigh their benefits, Herriman City's framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material aspects. WSRP, LLC, a firm of certified public accountants, has audited Herriman City's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Herriman City, for the fiscal year ended June 30, 2014 are free from material misstatement. The independent audit involves examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that Herriman City's financial statements for the fiscal year ended June 30, 2014, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report is presented in four sections:

1. ***The Introductory Section***, which is unaudited, includes this letter of transmittal and the City's organizational chart.

2. ***The Financial Section***, which includes the Management's Discussion and Analysis (MD&A), the basic financial statements, and the independent auditor's report of the financial statements.
3. ***The Statistical Section***, which is unaudited, includes selected financial and demographic information, generally presented on a multi-year basis.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

History of the City

Herriman is nestled near the Oquirrh Mountains about 19 miles southwest of Salt Lake City. It is situated at an elevation of 4921 feet. The area was first used for camping and hunting by a band of Native Americans from the Ute tribe.

Thomas Butterfield arrived in 1849 and originally settled in the West Jordan area. Thomas Butterfield was not happy with the quality of water there so in 1851 he went exploring the foothills of the Oquirrh Mountains hoping to find a better water source.

He discovered a clear stream coming from the canyon, which he found quite suitable for his needs. A ditch was dug to bring water from the canyon down to the vicinity where he wanted to settle. The canyon, which provided the water, is known today as Butterfield Canyon. The next spring three families joined him, Henry Herriman, John J. Stocking, and Robert C. Petty, and the area became known as the Butterfield Settlement. By 1870, the settlement had a population of 150 people.

The families who settled Herriman were farmers and ranchers. They raised sheep, cattle, pigs, and grain. In 1854, 1650 bushels of grain were harvested. Gardens were planted with potatoes, corn, peas, and beans. Fruit trees were imported and planted. The fruit and vegetables were preserved and grains harvested to carry the people through the winter. With plenty of grass available, Herriman became a place to raise sheep and cattle. Many people who did not live in Herriman grazed their livestock here. In later years, Herriman became home to some of the largest sheep operations west of the Mississippi River.

Herriman incorporated in 1999, with 770 residents and has grown to over 30,000.

Profile of the Government

The city council consists of five members. The city council is to establish the vision of the city and exercise all legislative powers.

The mayor is a regular and voting member of the council acting as the chair. The mayor also represents the city in ceremonial functions. The mayor is charged with enforcing the laws and keeping the peace.

The city is currently divided into broad areas of responsibility which are overseen by directors. The directors report directly to the city manager.

City Manager	Brett Wood
Assistant City Manager	Gordon Haight
Director of Administration and Communication	Tami Moody
Finance Director	Alan Rae
Operations Director	Monte Johnson
Water Director	Justun Edwards

The city contracts for law enforcement services with the Unified Police Department and for fire with the Unified Fire authority.

Economic Outlook

The city continues to grow at a rapid pace and new infrastructure is a constant need. The city is issuing approximately 100 building permits per month. With this growth in addition to the one-time revenues that come with building permits we are seeing a significant increase in franchise taxes associated with utilities.

Wal-Mart is preparing to open a neighborhood market in the city which will add significantly to our sales tax base.

SLR is preparing to develop property that has recently been annexed into the city

Long-Term Planning

Utah State law requires that a City must maintain a General Fund balance of at least 5% and may not exceed 25% of budgeted revenue. Currently Herriman City's General Fund balance is 19.5% of budgeted revenues. The fund balance has grown significantly in recent years due to foregoing some expenditures during the slower revenue years.

Herriman City has created Capital Facility Plans for each of the functional areas of the government. Those plans are constantly being reviewed in light of changes in revenues and funding sources. Currently each of the plans are being updated and the completed plans will be made available for public comment and input before final action is taken by the council. As these plans are completed, impact fees will be established to generate revenues required for construction of infrastructure for new growth.

Financial Policies and Procedures

The following serves only as a general overview of established policies and procedures governing daily operation at Herriman City and affecting the outcome of these financial statements.

Balanced Budget

- Pursuant to §10-6-109, Utah Code Annotated, Herriman City will adopt a balanced General Fund budget by June 22.

Long-Range Planning

- Herriman City supports a financial planning process that assesses the long-term financial implications of current and proposed operating and capital budgets, budget policies, cash management and investment policies, programs and assumptions.

Asset Inventory

- Each department manager is responsible to take all reasonable measures available to prolong and assess the condition of major capital assets in their department on an annual basis.

- Methods of doing so may include such things as the procurement of insurance, regular testing of water systems, street and sidewalk replacement plans, procurement of secondary and tertiary water systems, etc.
- Herriman City Treasurer, under the direction of the City Manager and Finance Director, is responsible for the diversification of investments.

Revenue Policies

- Herriman City is dependent on a variety of revenue sources to cover expenditures. The burden of supporting City non-enterprise services will be equitably distributed and will protect the City from short-term fluctuations in any one revenue source.
- The City maintains timely collection systems and implements necessary enforcement strategies to collect revenues from available sources.
- The City actively supports economic development, recruitment, and retention efforts to provide for a solid revenue base.
- The City conservatively and accurately forecasts, such that actual revenues meet or exceed budgeted revenues.
- The City maintains a budgetary control system and prepares reports that compare actual revenues to budgeted amounts throughout the year.
- Fees and charges are based on the estimated cost of providing the associated service. Costs associated with the service include the use of human and capital resources and the depreciation of assets. The fee schedule is evaluated annually to extrapolate future trends.
- Herriman City is committed to minimizing the portion of operating expenditures that are funded by one-time growth revenues. To support this policy, the City analyzes current and historical operating trends annually.

Expenditure Policies

- Herriman City maintains a policy of full disclosure on financial reports and bond prospectus.
- The City pays all capital projects on a pay-as-you-go basis using current revenues when possible and practical. If a project or improvement cannot be financed with current revenue, debt will be considered.
- The City refrains from issuing debt for a period in excess of the expected useful life of the capital project.
- The City uses Special Assessment revenue or other self-supporting bonds instead of general obligation bonds, when feasible.
- The City will seek the refinancing of outstanding debt if it is determined that the City will benefit by reducing interest expense over the remaining life of the debt.
- The City will comply with State Law which limits total bond obligation to 12 percent of prior year's total assessed value for tax purposes of real and personal property, as determined by the most recent tax assessment.
- Herriman City will maintain a minimum unrestricted general fund balance of at least 5 percent (not to exceed 25 percent) of current year operating revenues. If existing reserves exceed the required level, such funds may be used to balance the budget or meet needs that may arise during the year.
- Fund balance in excess of 5 percent may only be transferred to another fund with City Council approval of a budget amendment.

Investment and Cash Management Policy

- All unused cash is invested in a PTIF account or other approved financial institution. By so doing, the issues of safety, liquidity, and yield are considered.
- Interest earned from investments of available cash is distributed to budgetary funds according to ownership of the investments and are reflected in the annual budget and financial statements.
- The City deposits all receipts according to the requirements of State law.
- Investments made by the City are in conformity with all requirements of the State of Utah Money Management Act and City Ordinance.

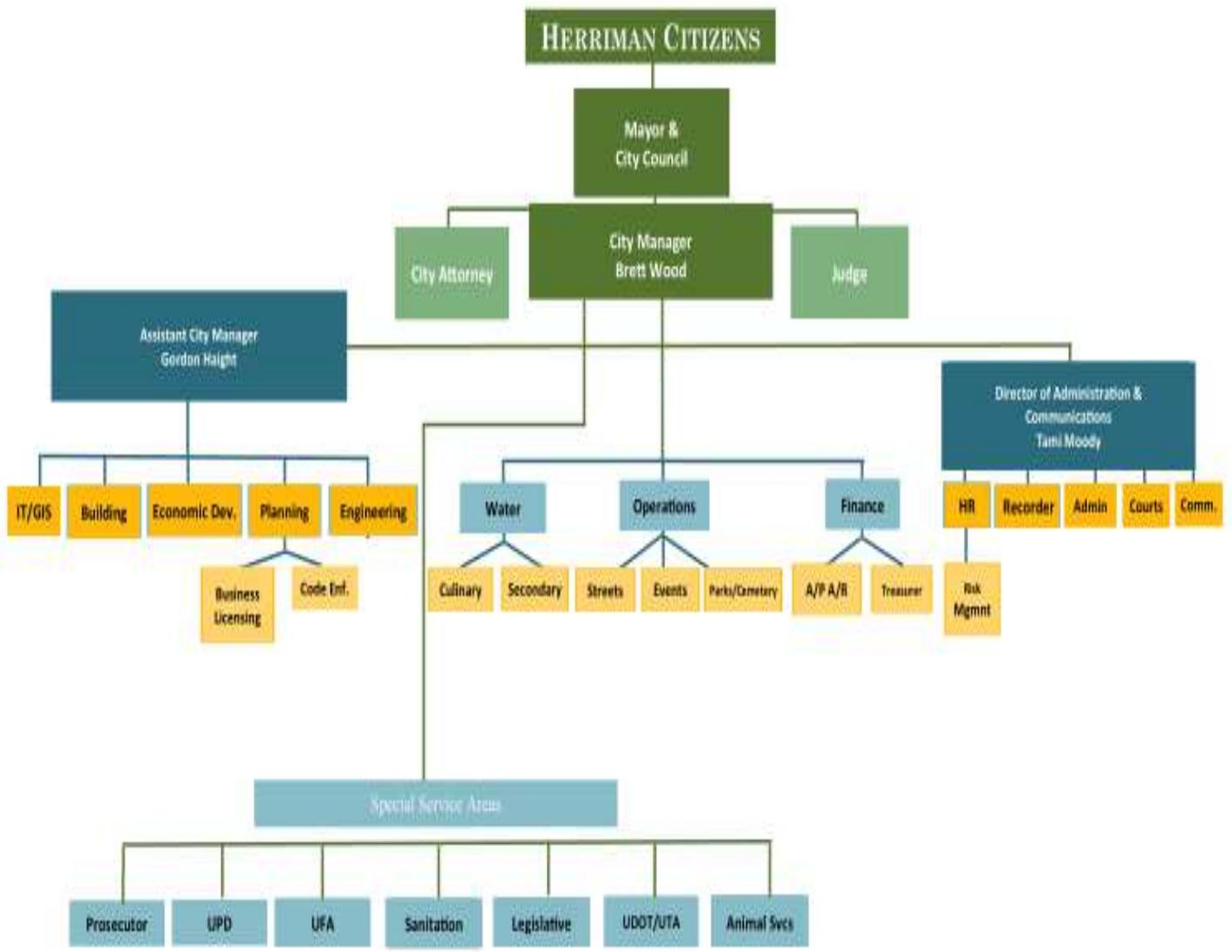
Financial Reporting Policy

- Herriman City's accounting system will maintain records in accordance with accounting standards and principles outlined in the Government Accounting Standards Board (GASB) and the State of Utah.
- Financial reports are printed monthly and distributed to the City Manager and Department Heads. Financial reports are reviewed by the City Council at least quarterly.
- The City employs an independent accounting firm to perform an annual audit of the City's finances, and make the annual audit available to all required and interested parties. The audit shall be completed and submitted to the State of Utah within 180 days of the close of the fiscal year.
- Copies of the annual budget and financial statements are available at the City offices or on the City's website, www.herriman.org.
- The City will seek annually to qualify for the Government Finance Officers Association's (GFOA) Certificate of Achievement for Excellence in Financial Reporting award.

Sincerely,

Alan W. Rae
Finance Director

Brett Woods
City Manager



Elected Officials



Mayor Carmen Freeman



Matt Robinson



Coralee Wessman-Moser



Craig Tischner



Mike Day



FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

**Honorable Mayor and City Council
Herriman City, Utah**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Herriman City, Utah (the City), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows, thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15 – 23 and 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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 introductory section, combining statements, budgetary comparison schedules, agency funds financial statements and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining statements, budgetary comparison schedules, and agency funds financial statements 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 combining statements, budgetary comparison schedules, and agency funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2014, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

WSRP, LLC

Salt Lake City, Utah
December 31, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2014

This narrative overview and analysis is presented for readers of Herriman City's financial statements for the fiscal year ended June 30, 2014. It contains an overview and analysis of the financial position and results of operation as of and for the twelve months ended June 30, 2014. Management encourages readers to consider information contained in this discussion in conjunction with the financial statements of the city.

Financial Highlights/Executive Summary

- The net position of Herriman City exceeded its liabilities at the close of fiscal year 2014 by \$216,495,199 (net position). Of this amount, \$20,696,805 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors (refer to table entitled HERRIMAN CITY'S NET POSITION). Net position increased by \$523,541 for the current year and increased by \$902,142 due to a prior period adjustment.
- As of the close of the 2014 fiscal year, Herriman City's governmental funds reported combined ending fund balances of \$6,296,357 with approximately 26% of this total amount, \$1,655,215 in the General Fund. Of the combined total fund balance, \$4,200,767 is available for spending at the discretion of the City (unreserved and undesignated fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was \$1,655,215, or 16% of total budgeted general fund revenue. The maximum amount of general fund balance that may be maintained under Utah Statute being 25% of total revenue of the general fund.
- At the end of the current fiscal year, Herriman City's general fund expenditures exceeded general fund revenues including transfers by \$12,046. Decreasing fund balance from \$1,667,261 to \$1,655,215.
- Total debt of Herriman City is \$45,649,640.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to Herriman City's basic financial statements: (1) Government-wide financial statements, (2) Fund financial statements, and (3) notes to the financial statements. This report also contains information in addition to the basic financial statements that will help the reader gain a more in-depth understanding of the City.

- The first two statements are *government-wide financial statements* that provide both long-term and short-term information about the City's *overall* financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the City government, reporting the City's operations in more *detail* than the government-wide statements:
 - The *government funds* statements tell how *general* government services like public safety, administration, building inspection, etc. were financed in the short term as well as what remains for future spending.
 - *Proprietary fund* statements offer short and long-term financial information about the activities the government operates *like businesses*. Herriman City, utilizing one proprietary fund, manages the business activities of the water department.
 - *Fiduciary fund* statements provide information about funds held in trust for the benefit of individuals. Herriman City utilizes three fiduciary funds. These funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the City's own programs.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements.

Government-wide Statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position (the difference between the City's assets and liabilities) is one way to measure the city's financial health, or *position*.

- Over time, increases or decreases in the City's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the City, consideration should be given to additional non-financial factors, such as changes in the City's property tax base and the condition of the City's roads and other infrastructure.

The government-wide financial statements of the city are divided into two categories:

- *Governmental activities*-Most of the City's basic services are included here, such as general administration, public works and parks. Property taxes, sales taxes, franchise fees and state and federal grants finance most of these activities.
- *Business-type activities*-The City charges fees to customers to help it cover the costs of services it provides. The City's water activities are included here.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding (revenues) and spending (expenditures) for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes (like the City's special impact fee funds used to track collection and expenditure of certain impact fees).

The City has two kinds of funds:

- *Governmental funds*-Most of the City's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information. In fact, the City's *enterprise funds* are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

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 Herriman City, assets exceed liabilities by \$216,495,199 at the close of fiscal year 2014, an increase of \$1,425,683 from the close of fiscal year 2013.

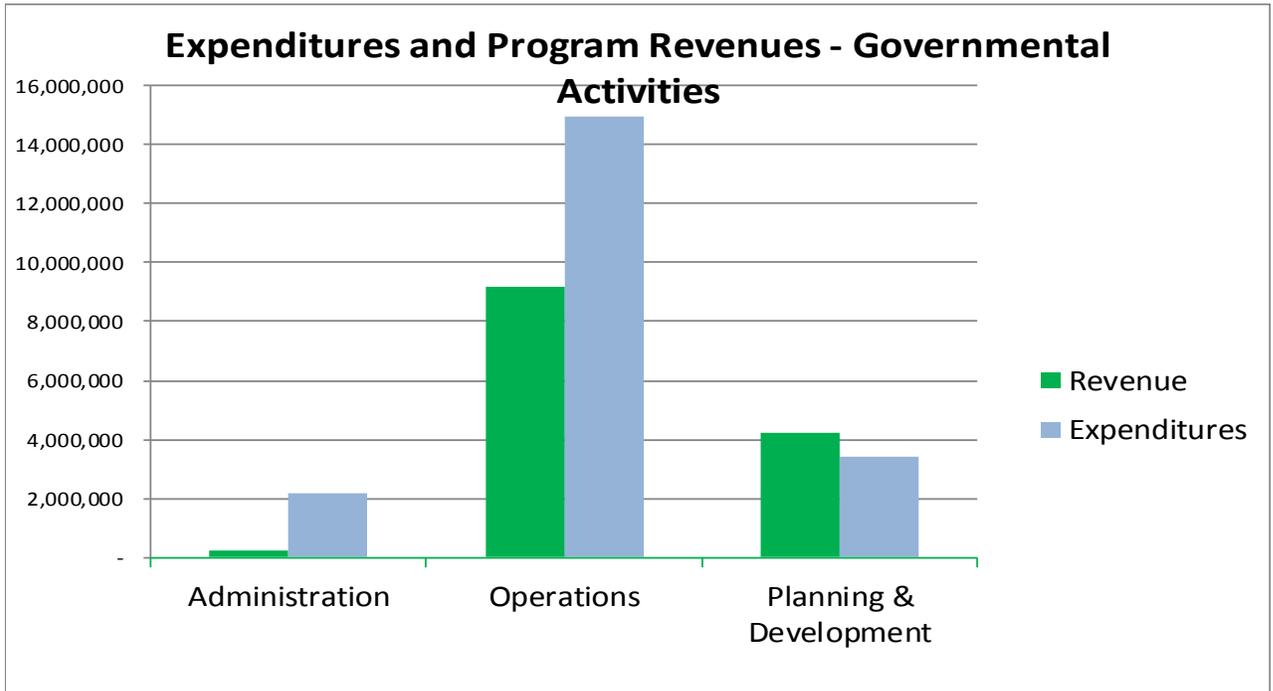
By far the largest portion of Herriman City's net position (87%) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. Herriman City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Herriman 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.

	Herriman City Net Position					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
Current Assets	\$ 8,153,403	\$ 8,478,431	\$ 10,029,977	\$ 9,570,925	\$ 18,183,380	\$ 18,049,356
Non-Current Assets	589,228	-	452,275	-	1,041,503	-
Capital Assets	170,947,288	167,685,021	61,300,934	64,863,621	232,248,222	232,548,642
Other Assets	15,656,274	14,540,518	-	-	15,656,274	14,540,518
Total Assets	\$ 195,346,193	\$ 190,703,970	\$ 71,783,186	\$ 74,434,546	\$ 267,129,379	\$ 265,138,516
Current Liabilities	3,841,526	3,014,544	1,905,006	2,200,774	5,746,532	5,215,318
Non-Current Liabilities	23,911,317	21,781,433	21,955,431	21,646,566	45,866,748	43,427,999
Total Liabilities	\$ 27,752,843	\$ 24,795,977	\$ 23,860,437	\$ 23,847,340	\$ 51,613,280	\$ 48,643,317
Deferred Inflows Resources	446,583	-			446,583	-
Net Position						
Investment in capital assets, net of related debt	147,361,038	144,896,719	38,843,710	41,063,383	186,204,748	185,960,102
Restricted	1,419,158	2,095,590	2,678,481	7,742,702	4,097,639	9,838,292
Unrestricted	18,366,571	18,915,684	6,400,558	1,781,121	24,767,129	20,696,805
Total Net Position	\$ 167,146,767	\$ 165,907,993	\$ 47,922,749	\$ 50,587,206	\$ 215,069,516	\$ 216,495,199
Total liabilities and net position	\$ 195,346,193	\$ 190,703,970	\$ 71,783,186	\$ 74,434,546	\$ 267,129,379	\$ 265,138,516

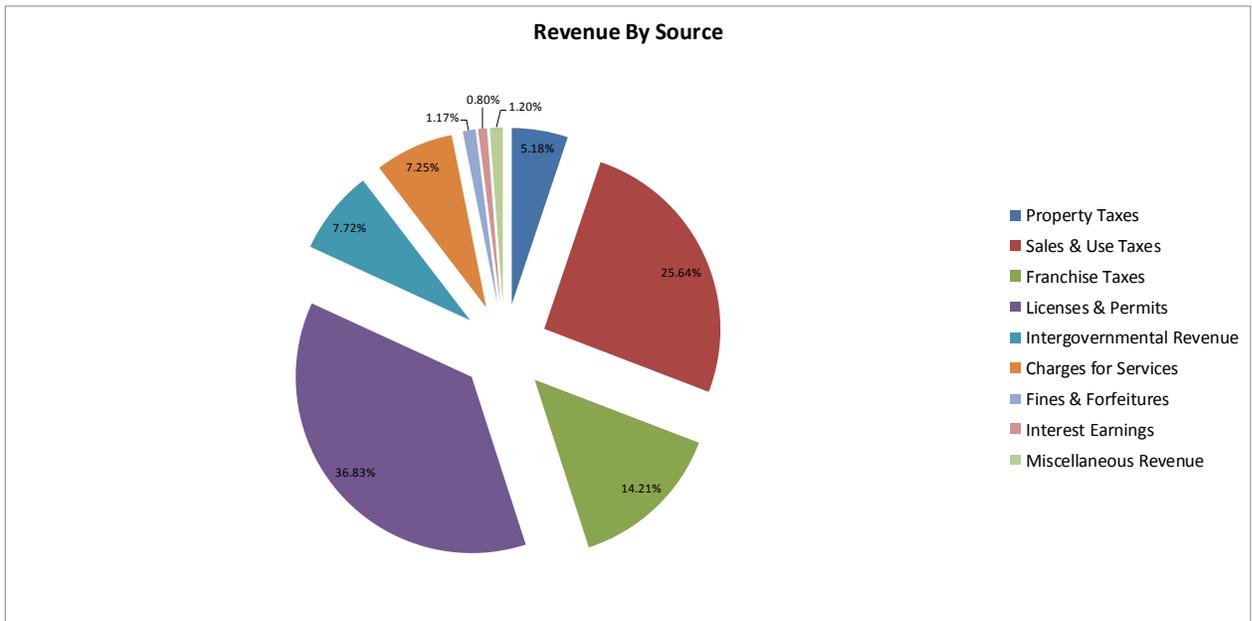
	Herriman City Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
Program Revenues						
Charges for Services	\$ 7,382,206	\$ 5,179,905	\$ 5,733,022	\$ 5,929,877	\$ 13,115,228	\$ 11,109,782
Operating Grants and Contributions	810,853	785,409			810,853	785,409
Capital Grants and Contributions	14,353,680	7,769,118	6,612,997	4,047,629	20,966,677	11,816,747
General Revenues						
Property Tax	581,374	678,146			581,374	678,146
Sales Tax	1,296,438	2,644,745			1,296,438	2,644,745
Franchise Tax	2,384,822	1,466,102			2,384,822	1,466,102
Gain from the Sale of Assets		41,001				41,001
Other Revenue	40,495				40,495	
Investment Earnings	48,039	97,479	43,642	32,791	91,681	130,270
Total Revenue	26,897,907	18,661,905	12,389,661	10,010,297	39,287,568	28,672,202
Expenses						
Administration						
Administration	4,895,368	1,560,772			4,895,368	1,560,772
Courts		157,852				157,852
Human Resources		285,494				285,494
Recorder		166,538				166,538
Operations						
Facilities	150,454	353,456			150,454	353,456
Enforcement/Emergency S	295,457	354,570			295,457	354,570
Fleet Management	170,438	174,430			170,438	174,430
Streets	6,010,640	11,282,487			6,010,640	11,282,487
Events		598,103				598,103
Parks & Cemetery	2,199,047	2,178,750			2,199,047	2,178,750
Planning & Development						
Building		474,060				474,060
Economic Development	621,757	95,291			621,757	95,291
Engineering	681,740	616,971			681,740	616,971
IT/GIS	808,804	815,532			808,804	815,532
Planning	905,657	508,825			905,657	508,825
Interest on Long Term Debt	1,179,005	1,003,028			1,179,005	1,003,028
Water			7,160,127	7,522,502	7,160,127	7,522,502
Total Expenses	17,918,367	20,626,159	7,160,127	7,522,502	25,078,494	28,148,661
Increase in Net Position Before Transfers	8,979,540	(1,964,254)	5,229,534	2,487,795	14,209,074	523,541
Increase (Decrease) in Net Position, Beginning	8,979,540	(1,964,254)	5,229,534	2,487,795	14,209,074	523,541
Net Position, Beginning	158,623,771	167,146,767	43,125,811	47,922,749	201,749,582	215,069,516
Prior Period Adjustment	(456,544)	725,480	(432,596)	176,662	(889,140)	902,142
Net Position, Ending	\$ 167,146,767	\$ 165,907,993	\$ 47,922,749	\$ 50,587,206	\$ 215,069,516	\$ 216,495,199

Governmental activities. Governmental activities decreased Herriman City's net position by \$1,238,774 net of prior period adjustment. The overall expenditures of the governmental activities increased by 15% compared to fiscal year 2013.

The following graph shows the relationship of program revenues and the associated expenditures.

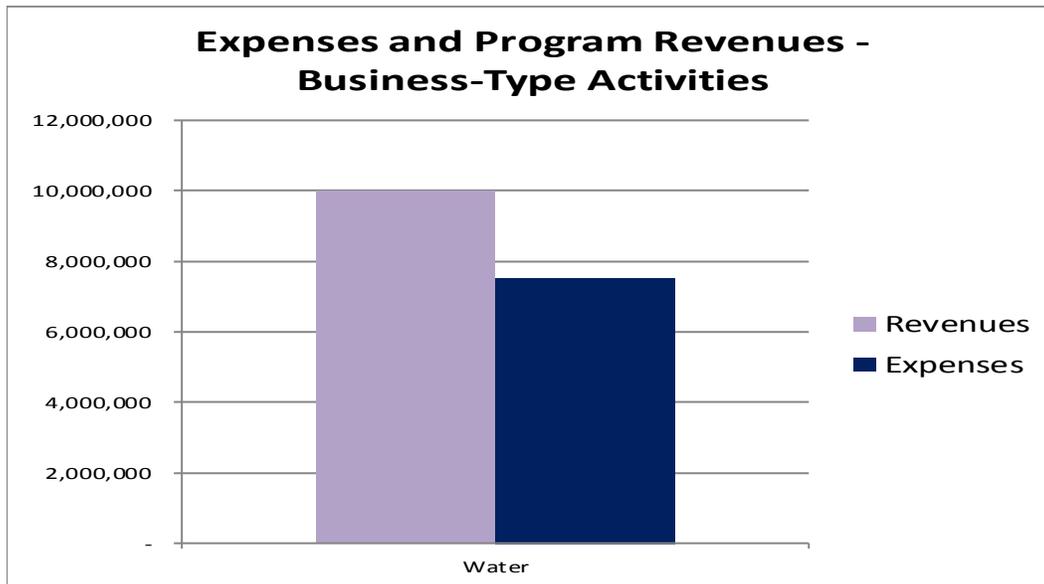


The following graph shows the source of the general fund revenues detailed in the financial statements.



At the end of the current fiscal year, Herriman City is able to report positive balances in all three categories of net position, for the government as a whole, as well as for its separate government and business-type activities.

Business-type activities. Business-type activities increased Herriman City's net position by \$2,664,457 net of prior period adjustment. The utility rates are set at a rate to recover costs and provide for future repairs and maintenance.



Financial Analysis of the Government's Funds

As noted earlier, Herriman City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Government funds. The focus of Herriman City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Herriman City's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for discretionary use at the end of the fiscal year.

As of the end of the current fiscal year, Herriman City's governmental funds reported a combined ending fund balance of \$6,296,357, an increase of \$1,796,386 in comparison with the prior year.

The general fund is the chief operating fund of Herriman City. At the end of the 2014 fiscal year, the fund balance of the general fund was \$1,655,215. As a measure of the general fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. The fund balance represents 16% of total budgeted general fund expenditures.

Other governmental funds (including the Herriman Towne City fund, Herriman Parkway, Mayor Crane Park, Public Safety Fee, debt service, impact fee funds for Parks, Streets, Storm Drain, Street Lights and Street Signs and Capital Projects) have a total fund balance of \$4,641,142 all of which is reserved for the procurement of impact fee and debt service related items.

Proprietary funds. Herriman City’s proprietary funds provides the detail for the information found in the government-wide financial statements as it is already on the accrual basis the adjustments that are made in the governmental funds do not need to be made to these funds.

Unrestricted net position for the Water utility at the end of the year totaled \$1,816,121.

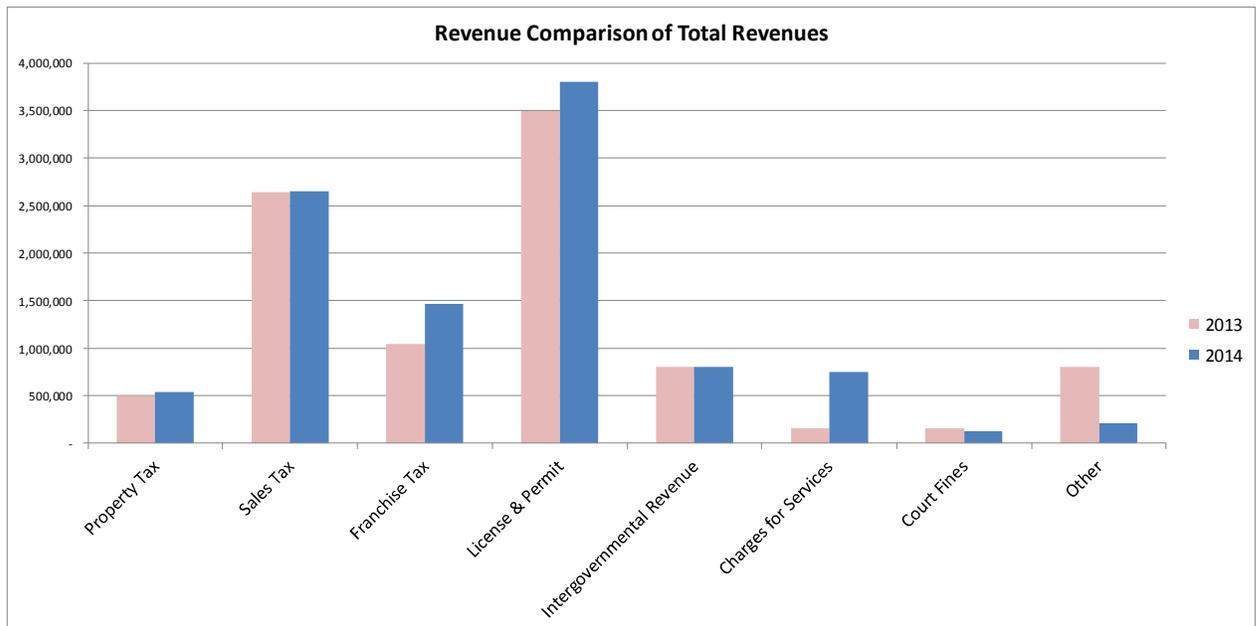
General Fund Budgetary Highlights

FYE 2014 budget reflected an improving economy with growth related revenue beginning to rebound.

Adjusted revenues include the following:

- Increase in property tax of \$37,081
- Increase in sales tax of \$7,330
- Increase in franchise tax of \$422,256
- Licenses & permits increased by \$303,133
- Herriman Towne Center revenue increased by \$695,783
- Park impact fee revenue increased by \$73,409
- Road impact fee revenue increased by \$36,150
- Street sign special revenue fees decreased by \$19,825
- Street light special revenue fees increased by \$250,305

The following graph shows changes in revenue between 2013 and 2014 as a percent of total revenue.



During the year general fund revenues exceeded expenditures by **\$1,280,165** before other financing sources and uses and expenditures exceeded revenues by **\$180,241** after other financing sources and uses.

Capital Asset and Debt Administration

Capital assets. Herriman City's investment in capital assets for its governmental and business-type activities as of June 30, 2014, amounts to \$232,548,642 (net of accumulated depreciation). This investment in capital assets includes water rights, land, buildings, improvements, infrastructure (roads, water lines), autos and trucks, machinery and equipment, office and work in progress. More detail on capital assets can be found in the Note 5 Capital Assets on pages 47-48 of the financial statements.

	Herriman City Net Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
Land and Water Rights	\$ 66,929,264	\$ 67,648,506	\$ 10,753,005	\$ 11,867,931	\$ 77,682,269	\$ 79,516,437
Construction in Progress	2,915,182	2,466,904	1,276,883	2,943,886	4,192,065	5,410,790
Buildings	4,528,772	4,338,685	46,477	45,017	4,575,249	4,383,702
Improvements	95,138,279	92,357,400	-	-	95,138,279	92,357,400
Automobiles & Trucks	165,736	243,765	58,688	245,445	224,424	489,210
Machinery & Equipment	678,779	629,761	187,830	151,405	866,609	781,166
Infrastructure	591,276	-	49,154,714	49,609,937	49,745,990	49,609,937
Increase in Net Assets	<u>\$ 170,947,288</u>	<u>\$ 167,685,021</u>	<u>\$ 61,477,597</u>	<u>\$ 64,863,621</u>	<u>\$ 232,424,885</u>	<u>\$ 232,548,642</u>

FYE 2014 major programs and projects include:

- Baseball field
- Asphalt Trails
- Purchase of real estate for tank property and secondary water reservoir
- Safe Walk sidewalks
- ADA ramps at Butterfield Park
- Blackridge development
- Detention/Open Space Property

Long-term debt. At year-end the City had \$45,649,640 in bonds and notes outstanding—a decrease of 3% over the last year—as shown in the table entitled *Herriman City's Long Term Debt*. More detailed information about the City's long-term liabilities is presented in the Note 6 Long-Term Debt on pages 49-51 and Note 7 Capital Leases on page 52 of the financial statements.

	Herriman City's Long Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2013	6/30/2014	6/30/2013	6/30/2014	6/30/2013	6/30/2014
Capital Leases	61,260	97,104	33,126	203,457	94,386	300,561
Purchase Agreements	300,000	721,875	-	421,875	300,000	1,143,750
Revenue Bonds	23,192,227	21,969,323	21,933,589	21,275,659	45,125,816	43,244,982
Other Debt	-	-	603,738	603,738	603,738	603,738
Compensated Absences	291,326	309,507	53,032	47,102	344,358	356,609
	<u>\$ 23,844,813</u>	<u>\$ 23,097,809</u>	<u>\$ 22,623,485</u>	<u>\$ 22,551,831</u>	<u>\$ 46,468,298</u>	<u>\$ 45,649,640</u>

Economic Factors and Next Year's Budgets and Rates

- Population growth, as measured by building permit issuance, is estimated to be 4% for FYE 2014.
- Unemployment is currently at 3.6% which is 2.2% below the national average and the City expects to see continued improvement.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of Herriman City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Brett Wood, Herriman City Manager, 13011 S Pioneer St, Herriman City, Utah, 84096 or via e-mail bwood@Herriman.org.



BASIC FINANCIAL STATEMENTS

HERRIMAN CITY, UTAH
STATEMENT OF NET POSITION
June 30, 2014

	Primary Government		
	Governmental Activities	Business- Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents			
Restricted	\$ 4,020,981	\$ 7,742,702	\$ 11,763,683
Unrestricted	2,886,578	1,083,067	3,969,645
Receivables			-
Property, Franchise and Excise Taxes	1,215,651		1,215,651
Special Assessment Receivable	200,000		200,000
Accounts Receivable	155,221	606,402	761,623
Inventory	-	138,754	138,754
Total Current Assets	<u>8,478,431</u>	<u>9,570,925</u>	<u>18,049,356</u>
NONCURRENT ASSETS			
Property and Equipment, net			
Land & Water Rights	67,648,506	11,867,931	79,516,437
Construction in Progress	2,466,904	2,943,886	5,410,790
Buildings	4,338,685	45,017	4,383,702
Machinery and Equipment	629,761	151,405	781,166
Autos & Trucks	243,765	245,445	489,210
Improvements Other than Buildings	92,357,400	49,609,937	141,967,337
Net Property and Equipment	<u>167,685,021</u>	<u>64,863,621</u>	<u>232,548,642</u>
Long Term Receivable Special Assessments	14,540,518		14,540,518
Total Other Noncurrent Assets	<u>14,540,518</u>	<u>-</u>	<u>14,540,518</u>
Total Noncurrent Assets	<u>182,225,539</u>	<u>64,863,621</u>	<u>247,089,160</u>
TOTAL ASSETS	<u>\$ 190,703,970</u>	<u>\$ 74,434,546</u>	<u>\$ 265,138,516</u>
LIABILITIES			
CURRENT LIABILITIES			
Accounts Payable	\$ 1,432,039	\$ 935,376	\$ 2,367,415
Current Compensated Absences	200,000	35,000	235,000
Current Purchase Agreement	140,625	140,625	281,250
Capital Leases (Less than One Year)	32,847	57,473	90,320
Bonds Payable (Less than One Year)	942,904	672,167	1,615,071
Accrued Interest	266,129	360,133	626,262
Total Current Liabilities	<u>3,014,544</u>	<u>2,200,774</u>	<u>5,215,318</u>
NONCURRENT LIABILITIES			
Long Term Compensation Liability	109,507	12,102	121,609
Purchase Agreement	581,250	281,250	862,500
Capital Leases (Over One Year)	64,257	145,984	210,241
Loan Payable (Over One Year)	-	603,738	603,738
Bonds Payable (Over One Year)	21,026,419	20,603,492	41,629,911
Total Noncurrent Liabilities	<u>21,781,433</u>	<u>21,646,567</u>	<u>43,427,999</u>
Total Liabilities	<u>24,795,977</u>	<u>23,847,340</u>	<u>48,643,317</u>
NET POSITION			
Investment in Capital Assets, Net of Related Debt	144,896,719	41,063,383	185,960,102
Restricted for:			-
Capital Outlay	2,095,016	7,742,702	9,837,718
Debt Service	574	-	574
Unrestricted	18,915,684	1,781,121	20,696,805
Total Net Position	<u>\$ 165,907,993</u>	<u>\$ 50,587,206</u>	<u>\$ 216,495,199</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 190,703,970</u>	<u>\$ 74,434,545</u>	<u>\$ 265,138,516</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2014

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Assets		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
Administration	\$ 1,560,772	\$ 121,048			\$ (1,439,724)		\$ (1,439,724)
Courts	157,852	120,221			(37,631)		(37,631)
Human Resources	285,494				(285,494)		(285,494)
Recorder	166,538	298			(166,240)		(166,240)
Operations							
Facilities	353,456	2,375			(351,081)		(351,081)
Enforcement/Emergency	354,570	425		16,581	(337,564)		(337,564)
Fleet Management	174,430				(174,430)		(174,430)
Streets	11,282,487		785,409	6,510,278	(3,986,800)		(3,986,800)
Events	598,103				(598,103)		(598,103)
Parks & Cemetery	2,178,750	737,809		1,153,192	(287,749)		(287,749)
Planning & Development							
Building	474,060	3,760,259			3,286,199		3,286,199
Economic Development	95,291	437,470		89,067	431,246		431,246
Engineering	616,971				(616,971)		(616,971)
IT/GIS	815,532				(815,532)		(815,532)
Planning	508,825				(508,825)		(508,825)
Interest on Long Term Debt	1,003,028				(1,003,028)		(1,003,028)
Total Governmental Activities	\$ 20,626,159	\$ 5,179,905	\$ 785,409	\$ 7,769,118	\$ (6,891,727)	\$ -	\$ (6,891,727)
Business-Type Activities							
Water	\$ 7,522,502	\$ 5,929,877		\$ 4,047,629		\$ 2,455,004	\$ 2,455,004
Total Business-Type Activities	7,522,502	5,929,877	-	4,047,629	-	2,455,004	2,455,004
Total Primary Government	\$ 28,148,661	\$ 11,109,781	\$ 785,409	\$ 11,816,746	\$ (6,891,727)	\$ 2,455,004	\$ (4,436,723)
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					678,146		678,146
Sales and Use Taxes					2,644,745		2,644,745
Franchise Taxes					1,466,102		1,466,102
Unrestricted Investment Earnings					97,479	32,791	130,270
Gain on the Sale of Fixed Asset					41,001		41,001
Total General Revenues & Transfers					4,927,473	32,791	4,960,264
Changes in Net Assets					(1,964,254)	2,487,795	523,541
Net Position-Beginning					167,146,767	47,922,749	215,069,516
Prior Period Adjustment					725,480	176,662	902,142
Net Position-Ending					\$ 165,907,993	\$ 50,587,206	\$ 216,495,199

The accompanying notes are an integral part of the financial statements.

**HERRIMAN CITY, UTAH
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	<u>Special Revenue</u>			
	<u>General Fund</u>	<u>Towne Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Cash & Cash Equivalents	\$ 1,556,561	\$ 567,455	\$ 762,562	\$ 2,886,578
Receivables				
Property, Sales, Franchise and Excise Tax	1,215,651			1,215,651
Other Receivables	82,518			82,518
Special Assessments	-	14,740,518		14,740,518
Restricted Cash	88,702	1,944,985	1,987,294	4,020,981
Total Assets	<u>\$ 2,943,432</u>	<u>\$ 17,252,958</u>	<u>\$ 2,749,856</u>	<u>\$ 22,946,246</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts Payable	\$ 499,894		\$ 621,154	\$ 1,121,048
Accrued Liabilities	310,991			310,991
Total Liabilities	<u>810,885</u>	<u>-</u>	<u>621,154</u>	<u>1,432,039</u>
Deferred Inflows of Resources				
Deferred Property Taxes	477,332			477,332
Deferred Assessments		\$ 14,740,518		14,740,518
Total Deferred Inflows of Resources	<u>477,332</u>	<u>14,740,518</u>	<u>-</u>	<u>15,217,850</u>
Fund Balances:				
Restricted for:				
Debt Service			574	574
Capital Improvements			2,095,016	2,095,016
Unassigned	1,655,215	2,512,440	33,112	4,200,767
Total Fund Balances	<u>1,655,215</u>	<u>2,512,440</u>	<u>2,128,702</u>	<u>\$ 6,296,357</u>
Total Liabilities and Fund Balances	<u>\$ 2,943,432</u>	<u>\$ 17,252,958</u>	<u>\$ 2,749,856</u>	

Amounts Reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore are not reported in the funds.	167,685,021
Court receivables are reported in the funds when measurable and available.	72,703
Accrued Interest Payable is not reported in the funds	(266,129)
Property tax receivable is recorded when measurable and available.	477,332
Special Assessment Revenue is recognized when the levy is made and when measurable in the government funds	14,740,518
Long-Term Liabilities, including Bond Payable and Capital Leases, are not due and payable in the current period and therefore are not reported in the funds.	<u>(23,097,809)</u>
Net Position in Governmental Activities	<u>\$ 165,907,993</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	<u>Special Revenue</u>			
	<u>General Fund</u>	<u>Towne Center</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$ 534,484	\$ 143,662		\$ 678,146
Sales & Use Taxes	2,644,745			2,644,745
Franchise Taxes	1,466,102			1,466,102
Licenses & Permits	3,799,173			3,799,173
Intergovernmental Revenue	796,914			796,914
Charges for Services	747,647	437,470	\$ 425	1,185,542
Fines & Forfeitures	120,864			120,864
SAA Assessments		1,174,073		1,174,073
Impact Fees			2,671,337	2,671,337
Contributions		1,022,606	120,000	1,142,606
Interest Earnings	82,742	11,002	3,735	97,479
Miscellaneous Revenue	123,363		1,372,830	1,496,193
Total Revenues	<u>\$ 10,316,034</u>	<u>\$ 2,788,813</u>	<u>\$ 4,168,327</u>	<u>\$ 17,273,174</u>
Expenditures:				
Administration				
Administration	\$ 1,355,149	\$ 25,645		\$ 1,380,794
Courts	157,852			157,852
Human Resources	285,494			285,494
Recorder	166,538			166,538
Operations				
Facilities	346,511			346,511
Enforcement/Emergency Services	340,145			340,145
Fleet Management	174,430			174,430
Streets	1,377,344	258,938	\$ 1,919,079	3,555,361
Events	598,103			598,103
Parks & Cemetery	1,423,463			1,423,463
Planning & Development				
Building	474,060			474,060
Economic Development	95,291			95,291
Engineering	594,754			594,754
IT/GIS	815,532			815,532
Planning	376,487		132,338	508,825
Capital Outlay	229,426		2,730,878	2,960,304
Debt Service				
Principal	100,000	1,035,000	240,625	1,375,625
Interest	125,290	705,654	194,722	1,025,666
Total Expenditures	<u>\$ 9,035,869</u>	<u>\$ 2,025,237</u>	<u>\$ 5,217,642</u>	<u>\$ 16,278,748</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,280,165	763,576	(1,049,315)	994,426
Other Financing Sources (Uses)				
Loan Proceeds	74,066		562,500	636,566
Transfers In			1,534,472	1,534,472
Transfers Out	(1,534,472)			(1,534,472)
Sale of Fixed Assets			(2,800)	(2,800)
Total Other Financing Sources and Uses	<u>(1,460,406)</u>	<u>-</u>	<u>2,094,172</u>	<u>633,766</u>
Net Change in Fund Balance	(180,241)	763,576	1,044,857	1,628,192
Fund Balances, Beginning of the Year	1,667,261	1,748,864	1,083,847	4,499,972
Prior Period Adjustment	168,195			168,195
Fund Balances, End of the Year	<u>\$ 1,655,215</u>	<u>\$ 2,512,440</u>	<u>\$ 2,128,704</u>	<u>\$ 6,296,359</u>

The accompanying notes are an integral part of the financial statements.

**HERRIMAN CITY, UTAH
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Amounts Reported for Governmental Activities in the Statement of Activities are Different because:

Net Changes in Fund Balances-Total Governmental Fund	\$ 1,628,192
Court receivable are recorded when measurable in the Governmental Funds.	(5,236)
Governmental Funds report Capital Outlays as Expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(5,744,040)
Governmental Funds do not report contributions of capital assets as revenue, unless the assets will be held for sale. However, in the Statement of Activities, the donation of Capital Assets is reported as revenue.	2,481,773
Repayment of Principal on Long-Term Debt is an Expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position	1,401,752
The issuance of long-term debt (e.g. bonds, leases provide current financial resources to governmental funds, however it has no effect on net assets. Also governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net amount of these differences in the treatment of long-term debt and related items.	(636,567)
Increase of Accrued Compensated Absences decreases expenses in the Statement of Activities, but is not an expenditure in the Governmental Funds.	(18,181)
Special Assessments are recognized when levied and are recorded in the fund statement when measurable and available.	(1,085,007)
Accrued Interest for Long-Term Debt is not reported as an expenditure for the current period in the Governmental Funds, but is recorded in the Statement of Activities.	13,060
Change in Net Position of Governmental Activities	<u><u>\$ (1,964,254)</u></u>

The accompanying notes are an integral part of the financial statements.

**HERRIMAN CITY, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenues:					
Taxes:					
General Property Tax	\$ 490,000	\$ 28,449	\$ 518,449	\$ 534,484	\$ 16,035
General Sales & Use Taxes	2,539,074	85,431	2,624,505	2,644,745	20,240
Franchise Taxes	1,268,584	127,720	1,396,304	1,466,102	69,798
Total Taxes	<u>4,297,658</u>	<u>241,600</u>	<u>4,539,258</u>	<u>4,645,331</u>	<u>106,073</u>
Licenses & Permits					
Business License & Permits	50,250	2,254	52,504	52,701	197
Non-Business License & Permits	3,624,680	70,310	3,694,990	3,746,472	51,482
Total Licenses & Permits	<u>3,674,930</u>	<u>72,564</u>	<u>3,747,494</u>	<u>3,799,173</u>	<u>51,679</u>
Intergovernmental Revenues:					
Class "C" Roads	845,000	90,409	935,409	758,528	(176,881)
Grants - SL County	16,000	(6,344)	9,656	9,656	-
State Liquor Allotment	15,750	831	16,581	16,581	-
Other Intergovernmental	-	12,149	12,149	12,149	-
Total Intergovernmental Revenues	<u>876,750</u>	<u>97,045</u>	<u>973,795</u>	<u>796,914</u>	<u>(176,881)</u>
Charges for Services:					
Operations	708,122	28,823	736,945	736,161	(784)
Planning & Development	-	-	-	13,786	13,786
Other	2,250	75	2,325	(2,300)	(4,625)
Total Charges for Services	<u>710,372</u>	<u>28,898</u>	<u>739,270</u>	<u>747,647</u>	<u>8,377</u>
Fines and Forfeitures					
Court Fines and Forfeitures	167,500	(60,046)	107,454	120,864	13,410
Total Fines and Forfeitures	<u>167,500</u>	<u>(60,046)</u>	<u>107,454</u>	<u>120,864</u>	<u>13,410</u>
Miscellaneous					
Investment Earnings	29,900	(707)	29,193	82,742	53,549
Other	153,550	51,821	205,371	123,363	(82,008)
Total Miscellaneous	<u>183,450</u>	<u>51,114</u>	<u>234,564</u>	<u>206,105</u>	<u>(28,459)</u>
Total Revenues	<u>9,910,660</u>	<u>431,175</u>	<u>10,341,835</u>	<u>10,316,034</u>	<u>(25,801)</u>

The accompanying notes are an integral part of the financial statements.

**HERRIMAN CITY, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Expenditures:					
Administration					
Administration	1,523,117	76,034	1,599,151	1,418,649	(180,502)
Courts	155,768	10,282	166,050	157,852	(8,198)
Human Resources	269,567	110,813	380,380	285,494	(94,886)
Recorder	176,822	14,864	191,686	166,538	(25,148)
Total Administration	<u>2,125,274</u>	<u>211,993</u>	<u>2,337,267</u>	<u>2,028,533</u>	<u>(308,734)</u>
Operations					
Facilities	380,458	22,971	403,429	346,511	(56,918)
Enforcement/Emergency Services	234,142	1,129	235,271	340,145	104,874
Fleet Management	162,417	30,139	192,556	174,430	(18,126)
Streets	1,579,969	47,193	1,627,162	1,377,344	(249,818)
Events	768,404	(9,407)	758,997	598,103	(160,894)
Parks & Cemetery	1,527,717	122,366	1,650,083	1,529,079	(121,004)
Total Operations	<u>4,653,107</u>	<u>214,391</u>	<u>4,867,498</u>	<u>4,365,612</u>	<u>(501,886)</u>
Planning & Development					
Building	479,956	79,292	559,248	474,060	(85,188)
Economic Development	84,471	85,759	170,230	95,291	(74,939)
Engineering	809,585	20,788	830,373	655,064	(175,309)
IT/GIS	846,968	40,918	887,886	815,532	(72,354)
Planning	341,585	83,472	425,057	376,487	(48,570)
Total Planning & Development	<u>2,562,565</u>	<u>310,229</u>	<u>2,872,794</u>	<u>2,416,434</u>	<u>(456,360)</u>
Debt Service					
	<u>284,098</u>	<u>(38,416)</u>	<u>245,682</u>	<u>225,290</u>	<u>(20,392)</u>
Total Expenditures	<u>9,625,044</u>	<u>698,197</u>	<u>10,323,241</u>	<u>9,035,869</u>	<u>(1,287,372)</u>
Excess (Deficiency) of Revenues Over (Under)	<u>285,616</u>	<u>(267,022)</u>	<u>18,594</u>	<u>1,280,165</u>	<u>1,261,571</u>
Other Financing Sources (Uses)					
Lease Proceeds				74,066	74,066
Transfers Out	(280,516)	(1,253,956)	(1,534,472)	(1,534,472)	-
Total Other Financing Sources and Uses	<u>(280,516)</u>	<u>(1,253,956)</u>	<u>(1,534,472)</u>	<u>(1,460,406)</u>	<u>74,066</u>
Net Change in Fund Balances	5,100	(1,520,978)	(1,515,878)	(180,241)	1,335,638
Fund Balances, Beginning of Year	1,667,261		1,667,261	1,667,261	
Prior Period Adjustment				168,195	
Fund Balances, End of Year	<u>\$ 1,672,361</u>		<u>\$ 151,383</u>	<u>\$ 1,655,215</u>	

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF NET POSITION
PROPRIETARY FUND-WATER FUND
For the Year Ended June 30, 2014

Assets	
Current Assets:	
Cash & Cash Equivalents	
Unrestricted	\$ 1,083,067
Restricted	7,742,702
Receivables (net of allowance)	606,402
Inventory	138,754
Total Current Assets	<u>9,570,925</u>
Noncurrent Assets:	
Capital Assets:	
Land & Water Rights	11,867,931
Work in Progress	2,943,886
Buildings	58,400
Machinery and Equipment	653,415
Autos and Trucks	586,119
Improvements Other than Buildings	62,931,007
Less: Accumulated Depreciation	(14,177,137)
Total Capital Assets (Net of Accumulated Depreciation)	<u>64,863,621</u>
Total Noncurrent Assets	<u>64,863,621</u>
Total Assets	<u><u>\$ 74,434,546</u></u>
Liabilities	
Current Liabilities:	
Accounts Payable	\$ 935,376
Accrued Interest	360,133
Current Portion of Compensated Absences	35,000
Current Portion of Lease Payable	57,473
Current Portion of Bonds Payable	812,792
Total Current Liabilities	<u>2,200,774</u>
Noncurrent Liabilities:	
Compensated Absences Payable	12,102
Lease Payable	145,984
Purchase Agreement	1,025,613
Bonds Payable	20,462,867
Total Noncurrent Liabilities	<u>21,646,566</u>
Total Liabilities	<u>23,847,340</u>
Net Position	
Net Investment in Capital Assets	41,028,383
Restricted for:	
Capital Outlay	7,742,702
Unrestricted	1,816,121
Total Net Position	<u>50,587,206</u>
Total Liabilities and Net Position	<u><u>\$ 74,434,546</u></u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITIONS
PROPRIETARY FUND-WATER FUND
For the Year Ended June 30, 2014

Operating Revenues:	
Charges for Services	\$ 5,747,227
Total Operating Revenues	<u>5,747,227</u>
Operating Expenses:	
Water Purchases	1,988,978
Salaries and Wages	886,873
Operating Supplies and Materials	538,819
Professional and Technical Services	428,377
Conferences and Travel	13,570
Insurance	53,455
Miscellaneous	37,256
Utilities	361,068
Equipment, Repairs & Maintenance	205,790
Depreciation	2,281,433
Total Operating Expenses	<u>6,795,619</u>
Operating Income (Loss)	<u>(1,048,392)</u>
Nonoperating Revenues (Expenses)	
Interest Income	32,791
Impact Fees	2,354,900
Connection Fees	182,650
Interest Expense	(726,883)
Total Nonoperating Revenues (Expenses)	<u>1,843,458</u>
Income Before Contributions	795,066
Contributions	1,692,729
Change in Net Positions	<u>2,487,795</u>
Total Net Position, Beginning of Year	47,922,749
Prior Period Adjustment	176,662
Total Net Position, End of Year	<u>\$ 50,587,206</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS-WATER FUND
For the Year Ended June 30, 2014

Cash Flows from Operating Activities	
Cash received from customers, service fees	\$ 5,848,291
Cash Paid to Suppliers	(3,577,948)
Cash Paid to Employees	(892,803)
Net Cash Flows from Operating Activities	<u>1,377,540</u>
 Cash Flows from Capital and Related Financing Activities	
Principal payments on long-term debt	(798,555)
Capital Grants	
Capital Lease Proceeds	170,330
Long Term Debt Proceeds	562,500
Interest paid	(736,778)
Purchase of fixed assets	(3,974,731)
Impact fees and connection fees	2,537,550
Net Cash from Capital and Related Financing Activities	<u>(2,239,684)</u>
 Cash Flows from Investing Activities	
Interest on investments	32,791
Net Cash Flow from Investing Activities	<u>32,791</u>
 Net Change in Cash and Cash Equivalents	 (829,353)
 Cash and Cash Equivalents, Beginning of the Year	 <u>9,655,121</u>
 Cash and Cash Equivalents, End of the Year	 <u>\$ 8,825,769</u>
 Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:	
Net Operating Income (Loss)	(1,048,392)
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities	
Depreciation/Amortization	2,281,433
Changes in operating assets and liabilities:	
(Increase) Decrease in Receivables	101,064
Increase (Decrease) in Accrued Liabilities	49,365
Increase (Decrease) in Compensated Absences	(5,930)
Net Cash Flows from Operating Activities	<u>\$ 1,377,540</u>
 Noncash Investing, Capital and Financing Activities	
Capital Contributions from Sub Dividers	<u>\$ 1,692,729</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS DEVELOPER BONDS
For the Year Ended June 30, 2014

Assets:	
Cash and Cash Equivalents	\$ 843,110
Total Assets	<u>\$ 843,110</u>
Liabilities:	
Due to Developers	\$ 843,110
Total Liabilities	<u>\$ 843,110</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS HI COUNTRY II
For the Year Ended June 30, 2014

Assets:	
Cash and Cash Equivalents	\$ 51,030
Accounts Receivable	12,923
LT Receivable-Herriman City	<u>603,738</u>
Total Assets	\$ <u>667,691</u>
Liabilities:	
Accounts Payable	21,673
Due to High Country II Homeowners	<u>\$ 646,018</u>
Total Liabilities	\$ <u>667,691</u>

The accompanying notes are an integral part of the financial statements.

**HERRIMAN CITY, UTAH
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS HI COUNTRY I
For the Year Ended June 30, 2014**

Assets:	
Cash and Cash Equivalents	\$ (2,636)
Accounts Receivable	<u>12,662</u>
Total Assets	\$ <u>10,026</u>
Liabilities:	
Accounts Payable	1,009
Due to High Country I Homeowners	<u>9,017</u>
Total Liabilities	\$ <u>10,026</u>

The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies

General

Herriman City (the “City”) is organized as a Five Member Council form of government with a City Manager by ordinance. Herriman is located in the southwestern part of Salt Lake County, Utah.

The financial statements of Herriman City, Utah have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the government’s accounting policies are described below.

Reporting Entity

A reporting entity consists of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For Herriman City, this includes various services including recreation (including parks), planning and zoning, street maintenance and repair, sanitation, water distribution, and general administrative services. The City Council controls the operation of each of these activities through the budgetary process. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity is made by applying the criteria set forth in GAAP. The basic, but not the only, criterion for including a potential component unit within the reporting entity is whether or not the City exercises significant influence over the potential component unit. Significant influence or accountability is based primarily on operational or financial relationships with the City. Using this criteria it has been determined that the City does not have any component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of the inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies, Continued

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Financial resources used to acquire capital assets are capitalized as assets in the government-wide financial statements, rather than as expenditure. Proceeds from long-term debt are recorded as a liability in the government-wide financial statements, rather than as an Other Financing Source. Amounts paid to reduce long-term debt of the City are reported as a reduction of a related liability, rather than as expenditures in the government-wide financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are 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.

Property taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except for those required to be accounted for in another fund.

Herriman Towne Center is a fund set up to account for the Special Assessment Area of the Towne Center project.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies, Continued

The City reports the following major proprietary fund:

The Water Fund is used to account for the activities of the City's water production, treatment, and distribution operation.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted assets are available for use, it is the City's policy to use restricted assets first, then unrestricted assets as they are needed. The City does reserve the right to be selective in the use of such restricted assets that best fit the City's needs.

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to" or "due from other funds." In the Water, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2014 were estimated based upon July billings and are included in the operating revenues and accounts receivable at year end. Due to the nature of the accounts receivable in the governmental and business-type activities of the City, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies, Continued

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories of the business-type activities are valued at the lower of FIFO cost or market. Market is considered as replacement cost. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, sidewalks, water similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	30-40 years
Machinery & equipment	5-10 years
Autos & trucks	5-7 years
Infrastructure	20-40 years
Parks	15-40 years

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and comp time in the proprietary funds are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements. Accumulated unpaid vacation pay and comp time are accrued based upon the City's expected legal obligation as of the statement date. In accordance with Generally Accepted Accounting Principles, no liability or expense/expenditure is recorded for non-vesting accumulating rights to receive sick pay benefits.

Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities,

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 1. Summary of Significant Accounting Policies, Continued

business-type activities, or proprietary fund type statement of net position. Bond premiums, discounts, and issuance costs are deferred and amortized over the life of the applicable debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Estimates

Generally accepted accounting principles require management to make estimates and assumptions that affect assets and liabilities, contingent assets and liabilities, and revenues and expenditures. Actual results could differ from those estimates.

Encumbrances

Encumbrance accounting under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation is not employed by the City.

Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Restricted sources are used before unrestricted sources to fund budget appropriations.

Contributions of Capital

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction.

Agency Fund

When real estate developers propose developments within the City of Herriman a development agreement is created which details improvements that must be made, including roads, water, other improvements specific to the project. To protect the City's interest a bond is required to insure the improvements are completed. These bonds are either surety bonds or cash bonds. Cash bonds are held by the City until such time the City Engineer confirms that improvements have been completed. When improvements are complete cash bonds are returned to the developer. The cash received on these cash bonds is held and accounted for in an Agency Fund.

Herriman City has also undertaken the management and maintenance of the Hi Country I and II water systems. Both of these water systems are outside the boundaries of the City and the City has no ownership interest in these water systems so these operations are reported in Agency Funds.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position:

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net assets. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

Bonds Payable	\$ 21,969,323
Capital Leases	\$ 818,979
Compensated Absences Payable	309,507
Net adjustment to reduce fund balance-total governmental funds	<u>\$ 23,097,809</u>

Explanation of differences between governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities:

The governmental fund statement of revenues, expenditures, and changes in fund balance includes reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. The first element of this reconciliation states that capital outlays are reported in the governmental funds as expenditures while the government-wide statement of activities allocates these costs over the useful lives of the assets as depreciation. While shown in the reconciliation as the net difference, the elements of this difference are as follows:

Less:	
Subdividers Contributions	(2,481,773)
Construction in Progress Beginning of the Year	(1,130,402)
Depreciation Expense	<u>(8,704,345)</u>
Net adjustment to increase net changes in fund balance-total governmental funds to arrive at changes in net assets of governmental funds	<u>\$ (5,744,040)</u>

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Annual budgets are reported and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 22, a public hearing is

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 3. Stewardship, Compliance, and Accountability (Continued)

conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State Law, at the department level. Budget amendments are required to increase expenditure budgets and are adopted, in a public hearing, before the end of the fiscal year. The budget was amended during the current fiscal year.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

Taxes

Property taxes are collected by the Salt Lake County Treasurer and remitted to the City in monthly installments. Taxes are levied each October on the taxable value listed as of the prior January 1 for all real property located in the City. Taxable values are established by the County Assessor at 55 percent of the fair market value on primary residential property and 100 percent of the fair market value on non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid.

Sales taxes are collected by the Utah State Tax Commission and remitted to the City monthly. An accrual has been made for all taxes received by the State for the period ending June 30th and thus due and payable to the City.

Franchise taxes are charged to various utility companies doing business within the City including telephone, cable television, gas utility, and electric utility companies. The fees are generally remitted on a monthly or quarterly basis. Again, an accrual has been made for all fees due and payable to the City as of June 30th.

NOTE 4. Deposits and Investments

Deposits and investments of the City at June 30, 2014 consist of the following:

Deposits:		
Cash on Hand	\$	485
Cash in Banks		614,823
Investments:		
Zions Bank Trust		7,655,243
State Treasurer's Investments		8,354,281
	\$	<u>16,624,832</u>

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4. Deposits and Investments, Continued

A reconciliation of cash and investments as shown on the statement of net position is as follows:

Cash & Cash Equivalents (net of negative cash balances)	\$ 3,969,645
Cash & Cash Equivalents-Agency Fund	891,504
Restricted Cash & Cash Equivalents	11,763,683
	<u>\$ 16,624,832</u>

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

The City follows the requirements of the Utah Money Management Act (*Utah Code*, Title 51, Chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the 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.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2014, \$490,115 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

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

Statutes authorize the City to invest in negotiable or 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 Investor Services or Standard & Poor’s, bankers’ acceptances; obligations of the United States Treasury including bills, notes, and bonds; 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; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer’s Investment Fund.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2014

NOTE 4. Deposits and Investments, Continued

The Utah State Treasurer’s Office operates the Public Treasurer’s Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act.

The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer’s office.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant’s average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

As of June 30, 2014 the City had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers' Investment Fund	\$ 8,354,281	\$ 8,354,281	\$ -	\$ -	\$ -
Zions Bank Trust-100% Invested in PTIF	7,655,243	7,655,243			
Total Fair Value	\$ 16,009,524	\$ 16,009,524	\$ -	\$ -	\$ -

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates 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.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act.

At June 30, 2014 the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ 8,354,281	\$ -	\$ -	\$ -	\$ 8,354,281
Zions Bank Trust-100% Invested in PTIF	7,655,243	-			7,655,243
Total Fair Value	\$ 16,009,524	\$ -	\$ -	\$ -	\$ 16,009,524

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2014 was as follows:

Business Type Assets	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital Assets, not being Depreciated				
Land	\$ 66,929,264	\$ 719,242		67,648,506
Construction in Progress	2,915,182	682,124	1,130,402	2,466,904
Total Capital Assets, not being Depreciated	69,844,446	1,401,366	1,130,402	70,115,410
Capital Assets, being Depreciated				
Buildings	6,238,620	-		6,238,620
Improvements	136,312,255	4,956,330		141,268,585
Autos & Trucks	2,643,301	133,182		2,776,483
Machinery & Equipment	2,584,913	81,602		2,666,515
Infrastructure	927,113	-		927,113
Total Capital Assets, being Depreciated	148,706,202	5,171,114	-	153,877,316
Less Accumulated Depreciation				
Buildings	(1,709,848)	(190,087)		(1,899,935)
Improvements	(41,173,976)	(8,280,813)		(49,454,789)
Autos & Trucks	(2,477,565)	(55,153)		(2,532,718)
Machinery & Equipment	(1,906,134)	(130,620)		(2,036,754)
Infrastructure	(335,837)	(47,672)		(383,509)
Total Accumulated Depreciation	(47,603,360)	(8,704,345)	-	(56,307,705)
Total Capital Assets, being Depreciated, net	101,102,842	(3,533,232)	-	97,569,611
Governmental Activities Capital Assets, net	\$ 170,947,288	\$ (2,131,865)	\$ 1,130,402	\$ 167,685,021

Depreciation Expense was charged to the Functions/Programs of the City as follows:

Governmental Activities	
Engineering	\$ 251
General Government	207,255
Public Safety	14,424
Streets	6,834,448
Storm Drain	892,679
Parks	740,022
Cemetery	15,266
Total Depreciation Expense-Governmental Activities	\$ 8,704,345

NOTE 5. Capital Assets (Continued)

Business Type Assets	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Capital Assets, not being Depreciated				
Land	\$ 1,897,790	\$ 621,426		\$ 2,519,216
Water Rights	8,855,215	493,500		9,348,715
Construction in Progress	1,276,883	1,925,056	258,053	2,943,886
Total Capital Assets, not being Depreciated	12,029,888	3,039,982	258,053	14,811,817
Capital Assets, being Depreciated				
Buildings	58,400			58,400
Machinery & Equipment	653,415			653,415
Autos & Trucks	375,317	210,802		586,119
Distribution System	60,256,283	2,674,724		62,931,007
Total Capital Assets, being Depreciated	61,343,415	2,885,526	-	64,228,941
Less Accumulated Depreciation				
Buildings	(11,923)	(1,460)		(13,383)
Machinery & Equipment	(465,585)	(36,425)		(502,010)
Autos & Trucks	(316,629)	(24,045)		(340,674)
Distribution System	(11,101,569)	(2,219,501)		(13,321,070)
Total Accumulated Depreciation	(11,895,706)	(2,281,431)	-	(14,177,137)
Total Capital Assets, being Depreciated, net	49,447,709	604,095	-	50,051,804
Business Type Activities Capital Assets, net	\$ 61,477,597	\$ 3,644,077	\$ 258,053	\$ 64,863,621

Depreciation Expense was charged to the Functions/Programs of the City as follows:

Water Fund \$ 2,281,433

NOTE 6. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2014:

Bonds Payable

	Balance 6-30-2013	Additions	Retirements	Balance 6-30-2014	Current Portion
Governmental Activities:					
Sales & Franchise Tax Revenue Bond	\$ 7,450,000		\$ 200,000	\$ 7,250,000	\$ 225,000
SAA Bond	15,950,000		1,035,000	14,915,000	730,000
Bond Discount	(207,773)		(12,096)	(195,677)	(12,096)
Total Governmental Activities	\$ 23,192,227	\$ -	\$ 1,222,904	\$ 21,969,323	\$ 942,904
Business-Type Activities					
Water Revenue Bond 2003	2,142,000		177,000	1,965,000	181,000
Water Revenue & Refunding Bond 2007	9,115,000		225,000	8,890,000	230,000
Water Revenue Bond 2011	6,085,000		250,000	5,835,000	255,000
BAN 2012	4,415,000			4,415,000	-
Premium	176,589		5,930	170,659	6,167
Total Business-Type Activities	\$ 21,933,589	\$ -	\$ 657,930	\$ 21,275,659	\$ 672,167
Total Bonds	\$ 45,125,816	\$ -	\$ 1,880,834	\$ 43,244,982	\$ 1,615,071

Other Long-Term Liabilities

Governmental Activities:					
Capital Leases	\$ 61,260	\$ 74,067	\$ 38,223	\$ 97,104	\$ 32,847
Bills/Carter Land Purchase	-	562,500	140,625	421,875	140,625
Purchase Agreement	300,000	-	-	300,000	-
Compensated Absences	291,326	420,738	402,557	309,507	200,000
Total Governmental Activities	\$ 652,586	\$ 1,057,305	\$ 581,405	\$ 1,128,486	\$ 373,472
Business-Type Activities					
Capital Leases Payable	33,126	210,805	40,474	203,457	57,473
Bills/Carter Land Purchase	-	562,500	140,625	421,875	140,625
Loan Payable-Hi Country	603,738			603,738	-
Compensated Absences	53,032	88,308	94,238	47,102	35,000
Total Business-Type Activities	689,896	861,613	275,337	1,276,172	233,098
Total Other Long-Term Liabilities	1,342,482	1,918,918	856,743	2,404,658	606,570
Total Long-Term Liabilities	\$ 46,468,298	\$ 1,918,918	\$ 2,737,576	\$ 45,649,640	\$ 2,221,641

NOTE 6. Long-Term Debt, Continued

Revenue Bonds:	
Governmental Activities:	
Sales & Franchise Tax bond series 2008, due in annual principal installments ranging from \$200,000 to \$570,000 bearing interest from 2.8% to 5.7%. The bonds are secured with sales and franchise tax and mature in 2033. Original debt was \$7,850,000.	\$ 7,250,000
SAA bond with interest from 3% to 5%, due in November 2029. The bonds are secured by property owned by individuals in the Special Assessment Area.	14,915,000
Bond Discounts related to the Sales/Franchise bond and SAA bond were \$51,132 and \$201,024.25. These discounts are being amortized over the life of the bonds.	<u>(195,677)</u>
Total Governmental Activities	<u>\$ 21,969,323</u>
Business-Type Activities	
Water Revenue bond 2003, due in annual principal installments ranging from bearing interest at 1.9%. The bond is secured by water revenue and will mature in 2024. Original debt was \$3,600,000.	\$ 1,965,000
Water Revenue and Refunding bond 2007, due in annual principal installments ranging from \$120,000 to \$805,000 bearing interest at 4% to 4.5%. The bonds are secured by water revenues and mature in 2033. Original debt was \$9,780,000.	8,890,000
Water Revenue bond 2011, due in annual principal payments ranging from \$255,000 to \$460,000 bearing interest at 3.0% to 4.6%. The bonds are secured by water revenue and mature in 2031. Original debt was \$6,585,000.	5,835,000
Bond Anticipation Note 2012, was originally due on July 1, 2014 and has been extended to July 1, 2015. The note bears interest at the rate of 1.5%.	4,415,000
Bond Premium related to the Water Revenue and Refunding bond 2007 in the original amount of \$207,676.15. The premium is being amortized over the life of the bonds.	<u>170,659</u>
Total Business-Type Activities	<u>\$ 21,275,659</u>
Leases Payable:	
Governmental Activities	
Van Lease Payable in annual installments through September 2015, at interest of 2%.	\$ 14,035
Ford F350 Pickup Lease Payable in annual installments through September 2015, at interest of 2%	17,504
Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	20,174
Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	20,174
Ford F350 Pickup Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	25,217
Business-Type Activities	
Ford F-150 Pickup Lease Payable in annual installments through September 2015, at interest of 2%.	16,850
10 Wheel Truck w/ Snow Plow Lease Payable in semi-annually installments through November 2018, at interest of 1.85%.	186,607
Accrued Compensated Absences	356,609
Other Long Term Liabilities	
Bills/Carter Land Purchase is a real estate purchase that is 50% Governmental and 50% Business-Type. The debt will be paid in annual installments through 2017.	843,750
Purchase Agreement with Jordan School District, the city will install infrastructure for a school construction but the exact project has not been determined.	300,000
High Country II has agreed to sell water rights to the City in exchange for construction and repairs to their water system. The specific improvements have not been identified.	603,738
Total Long-Term Debt	<u>45,649,640</u>
Less: Current Portions:	
Governmental Activities	(1,316,376)
Business-Type Activities	(905,265)
Net Long-Term Debt	<u><u>\$ 43,427,999</u></u>

NOTE 6. Long-Term Debt, Continued

The annual requirements to amortize bonds payable at June 30, 2014 are as follows:

Year Ending June 30	Sales/Franchise Tax Bond 2008		Towne Center SAA Bond 2010		Total Governmental Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 225,000	\$ 360,453	\$ 730,000	\$ 674,345	\$ 955,000	\$ 1,034,798
2016	225,000	351,959	755,000	649,818	980,000	1,001,776
2017	240,000	342,359	780,000	621,980	1,020,000	964,339
2018	250,000	331,634	810,000	590,750	1,060,000	922,384
2019	265,000	320,046	840,000	556,820	1,105,000	876,866
2020-2024	1,530,000	1,403,438	4,790,000	2,182,281	6,320,000	3,585,719
2025-2029	1,955,000	980,461	4,790,000	944,563	6,745,000	1,925,024
2030-2033	2,560,000	376,443	1,420,000	35,500	3,980,000	411,943
Totals	\$ 7,250,000	\$ 4,466,793	\$ 14,915,000	\$ 6,256,056	\$ 22,165,000	\$ 10,722,848

Year Ending June 30	Water Revenue Bond Series 2003		Water Revenue Bond Series 2007		Water Revenue Bond Series 2011		Water Revenue (BAN) 2012		Total Water Revenue Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 181,000	\$ 36,549	\$ 230,000	\$ 391,475	\$ 255,000	\$ 226,016	\$ 66,225	\$ 666,000	\$ 720,265	
2016	184,000	33,182	240,000	382,275	270,000	215,816	\$ 4,415,000 33,113	5,109,000	664,386	
2017	187,000	29,760	250,000	372,675	275,000	207,716		712,000	610,151	
2018	191,000	26,282	260,000	362,675	285,000	199,466		736,000	588,423	
2019	194,000	22,729	270,000	352,275	295,000	190,916		759,000	565,920	
2020-2024	1,028,000	58,069	1,535,000	1,579,263	1,605,000	809,740		4,168,000	2,447,072	
2025-2029			3,090,000	1,107,900	1,950,000	472,706		5,040,000	1,580,606	
2030-2033			3,015,000	346,725	900,000	62,560		3,915,000	409,285	
Totals	\$ 1,965,000	\$ 206,571	\$ 8,890,000	\$ 4,895,263	\$ 5,835,000	\$ 2,384,936	\$ 4,415,000 \$ 99,338	\$ 21,105,000	\$ 7,586,108	

NOTE 7. Capital Leases

The City has entered into lease agreements, which are considered capital leases in accordance with Governmental Accounting Standard Board statement number 13. The following is an annual schedule of future minimum lease payments with interest rates ranging from 2.0% to 4.75%, together with the present value of the net minimum lease payments:

Year Ending June 30,	Governmental Activities						Total Governmental
	Van	Ford F350	Van	Van	Ford F-350		
2015	\$ 7,202	\$ 8,940	\$ 5,654	\$ 5,654	\$ 7,067	\$ 34,517	
2016	7,201	8,940	5,654	5,654	7,067	34,516	
2017	-	-	4,547	4,547	5,684	14,778	
2018	-	-	3,441	3,441	4,302	11,184	
2019	-	-	1,721	1,721	2,151	5,593	
Total Remaining Payments:	14,403	17,880	21,017	21,017	26,271	100,588	
Less Amounts Representing Interest:	368	376	843	843	1,054	3,484	
Present Value of Net Remaining Minimum Lease Payments:	\$ 14,035	\$ 17,504	\$ 20,174	\$ 20,174	\$ 25,217	\$ 97,104	

A summary of the assets acquired through capital leases is as follows:

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 121,356	\$ 10,183	\$ (12,898)

Year Ending June 30,	Business-Type Activities		
	Ford F150	10 Wheeler w/ Snow Plow	Total Business-Type
2015	\$ 8,692	\$ 52,295	\$ 60,988
2016	8,691	52,296	60,988
2017	-	42,064	42,064
2018	-	31,832	31,832
2019	-	15,916	15,916
Total Remaining Payments:	17,384	194,403	211,785
Less Amounts Representing Interest:	533	7,796	8,329
Present Value of Net Remaining Minimum Lease Payments:	\$ 16,851	\$ 186,607	\$ 203,457

A summary of the assets acquired through capital leases is as follows:

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 230,439	\$ 6,776	\$ (8,042)

NOTE 8. Equity Classifications

Equity is classified in the governmental financial statements as fund balance and is displayed in several components:

- a. Nonspendable – classified by physical or other constraints (1) not in a spendable form (i.e. Inventories, prepaid amounts, long term amounts of loan and property held for resale) (2) legally or contractually required to be maintained intact (i.e. Permanent fund principal).
- b. Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- c. Restricted net position - consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- d. Committed - classified by internal constraints by the highest level of decision making authority which in the case of Herriman City is the City Council. Committed fund balance is established, modified or rescinded by resolution of the City Council.
- e. Assigned – classified by internal constraints by local government intent. The budget officer (city manager) for the City of Herriman has been granted authority by resolution of the City council to assign fund balance to a specific purpose.
- f. Unassigned net position - All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

Equity is classified in government-wide and proprietary funds in the following components:

- a. Net investment in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – consists of assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Restricted net position is separated by major categories.
- c. Unrestricted Net Position – Funds that have no restriction related to their use that has been imposed by external groups or by legal requirements.

NOTE 8. Equity Classifications (Continued)

At June 30, 2014, the City's restricted net position is as follows:

Restricted Funds	
Governmental	
Debt Service:	
Debt Service	\$ 574
Capital Outlay:	
Mayor Crane Park	647
Public Safety Fee	31,289
Street Impact Fees	287,082
Parks Impact Fees	684,381
Storm Drain Impact Fees	233,708
Street Sign Fee	82,162
Street Light Fee	183,921
Capital Projects	<u>591,826</u>
Total Governmental Restricted	<u>\$ 2,095,590</u>
Business Type	
Capital Outlay:	
Water Impact Fees	<u>7,742,702</u>
Total Business Type Restricted	<u>\$ 7,742,702</u>

NOTE 9. Interfund Transactions and Balances

Interfund transfers for the fiscal year ended June 30, 2014 are as follows:

		Transfers To		
		<u>General Fund</u>	<u>Capital Projects</u>	<u>Total</u>
Transfers From	General Fund	\$ (1,534,472)	\$ 1,534,472	\$ -
		<u>\$ (1,534,472)</u>	<u>\$ 1,534,472</u>	<u>\$ -</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) move unrestricted revenues collected in the general fund to finance various programs accounted for in the other funds in accordance with budgetary authorizations.

NOTE 10. Defined Benefit Pension Plan

All full-time employees of the City participate in the Utah State-Wide Local Government Retirement Systems (Systems).

Plan Description

Herriman City contributes to the Local Governmental Contributory and Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries in accordance with retirement statutes established and amended by the state legislature.

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

The Systems issue a publicly available financial report that includes financial statements and required supplementary information for the Local Governmental Contributory Retirement System, Local Governmental Noncontributory Retirement System, Public Safety Retirement System for employers with (without) Social Security coverage, and Firefighters Retirement System which are for employers with (without) Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 S., Salt Lake City, UT 84102 or by calling 1-800-365-8772.

Employees who were employed within the state retirement system prior to July 1, 2012 are considered to be part of the defined benefit system. Those hired after that date are included in a defined contribution plan such as a 401K. The benefits of the defined contribution are just the amount in the individual accounts.

Funding Policy

In the Local Governmental Noncontributory Retirement System, Herriman City is required to contribute 17.29% of their annual covered salary. The contribution rates are the actuarially determined rates. The contribution requirements of the Systems are authorized by statute and specified by the Board.

NOTE 10. Defined Benefit Pension Plan, Continued

The required contributions and amounts received for the 2014 fiscal year and the two previous years are as follows:

Year	Employee Paid Contributions	Employer Paid for Employee Contributions	Employer Contributions	Salary Subject to Retirement Contributions
Contributory System:				
Local Governmental Division				
2014		\$	33,308	\$ 391,860
2013	-	-	13,292	155,275
2012			5,422	71,440
Noncontributory System:				
Local Governmental Division Tier 1				
2014		\$	579,467	\$ 3,290,155
2013	-	-	538,039	3,365,894
2012	-	-	415,178	3,070,644
Defined Contribution System				
457 Plan				
2014	\$ 125,090	\$	-	
2013	47,954		7,021	-
2012	15,265		10,507	-
401(k) Plan				
2014	\$ 182,369	\$	370,298	
2013	144,435		175,162	-
2012	108,630		78,439	-
Roth IRA Plan				
2014	\$ 21,892	\$	-	
2013	10,764		-	-
2012	8,250		-	-

The contributions were equal to the required contributions for each year.

NOTE 11. 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. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, and employee dishonesty through the Utah Local Government Trust.

Worker's compensation coverage is also carried through the Utah Local Government's Insurance Trust.

NOTE 12. Subsequent Events and Transactions

On July 8, 2014, the city entered into a Bond Anticipation Note issued by Zions Bank Public Finance. The amount of the note is \$5,498,000. The bonds carry an interest rate of 1.02% and are payable in full on July 1, 2016.

NOTE 13. Prior Period Adjustments

Subsequent to the issuance of the fiscal year 2013 financial statements, management discovered several errors in the following fund financial and government-wide statements.

The June 30, 2013 fund balance of the general fund has been restated to correct the overstatement of the construction bonds account. Therefore, the beginning balance of the fund balance of the general fund at July 1, 2013 has been increased by \$168,195.

The June 30, 2013 net position of the proprietary fund- water has been restated to capitalize the water tank acquired during the fiscal year 2013. As a result, the beginning balance of the net position of the proprietary fund at July 1, 2013 has been increased by \$176,662.

Several June 30, 2013 governmental activities balances in the Statement of Net Position of the Government-Wide Statements have been restated to correct several errors that resulted in an understatement of court receivable of \$77,939 and overstatement of obligations under capital leases of \$32,763. In addition, the deferral related to property taxes receivable at June 30 that were not available to spend until the subsequent year was inadvertently reported as a deferral in the Statement of Net Position of the Government-Wide Statements. It should have been reversed in the reconciliation from the Governmental Funds Balance Sheet to the Statement of Net Position. The effect is that the deferral in the Statement of Net Position was overstated by \$446,583.

As a result of the aforementioned adjustments, the beginning balance of the governmental activities net position increased by \$725,480 and the beginning balance of the business-type activities net position increased by \$176,662.

In addition, management discovered that there were several fiduciary fund activities which were not reported in the City's financial statements. The City presented three agency funds in the Statement of Fiduciary Net Position in the City's June 30, 2014 financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

HERRIMAN CITY, UTAH
HERRIMAN TOWNE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Property Tax	\$ -	\$ -	\$ -	\$ 143,662	\$ 143,662
Charges for Services	-	363,766	363,766	437,470	73,704
SAA Assessments	-	113,037	113,037	1,174,073	1,061,036
Interest Income	-	-	-	11,002	11,002
Total Revenue	-	476,803	476,803	1,766,207	1,289,404
Expenditures					
Administration	-	25,645	25,645	25,645	0
Capital Outlay	-	333,937	333,937	258,938	(74,999)
Debt Service					
Principle	710,000	(21,254)	688,746	1,035,000	346,254
Interest	714,998	(352,174)	362,824	705,654	342,830
Total Expenditures	1,424,998	(13,846)	1,411,152	2,025,237	614,085
Excess Deficiency of Revenues Over (Under) Expenditures	(1,424,998)	490,649	(934,349)	(259,030)	675,319
Other Financing Sources (Uses)					
Contributions	1,424,998	(402,392)	1,022,606	1,022,606	-
Total Financing Sources (Uses)	1,424,998	(402,392)	1,022,606	1,022,606	-
Net Change in Fund Balance	-	88,257	88,257	763,576	675,319
Fund Balance-Beginning	1,748,864	-	1,748,864	1,748,864	-
Fund Balance-Ending	<u>\$ 1,748,864</u>	<u>\$ 88,257</u>	<u>\$ 1,837,121</u>	<u>\$ 2,512,440</u>	<u>\$ 675,319</u>

SUPPLEMENTARY INFORMATION

NON-MAJOR FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

HERRIMAN PARKWAY

This fund is used to account for the road funds that come from the Utah State Legislature. The initial money was for Herriman Parkway but other funds have since come through this fund.

MAYOR CRANE PARK FUNDS

The Mayor Crane Park Fund was set up to accept donations to build a park that would be named for the former mayor.

PUBLIC SAFETY FEE

Initially this fund was set up to accept the monthly fee for police and fire that was billed to our residents. The fee was eventually determined to be unacceptable and was discontinued. This fund contains the residual amount of the fee that has not been spent to date.

DEBT SERVICE FUNDS

The debt service fund is established to accumulate funds to pay debt service. This fund is currently not being used but a fund balance remains that is being accounted for.

CAPITAL PROJECTS FUNDS

Capital projects funds are used when a specific revenue source is restricted, committed or assigned to expenditures for capital projects. Our impact funds are used to offset the cost of providing services to new construction.

PARK IMPACT FEE

The park impact fee fund is used to accumulate the park impact fee that is assessed to new development. This fee is set aside to build new parks, trails and other recreation facilities.

ROAD IMPACT FEE

The road impact fee fund is used to accumulate the road impact fee that is assessed to new development. This fee is set aside to build new road required due to new growth.

STORM DRAIN IMPACT FEE

The storm drain impact fee fund is used to accumulate the storm drain fee that is assessed to new development. This fee is set aside to build new storm drain lines.

STREET SIGN FEE

The street sign fee fund is used to accumulate the street sign fee that is assessed to new development. This fee is set aside to build new street signs.

NON-MAJOR FUNDS

STREET LIGHT FEE

The street light fee fund is used to accumulate the street sign fee that is assessed to new development. This fee is set aside to build new street lights.

CAPITAL PROJECTS

The capital projects fund is for large acquisitions and projects that are not associated with an impact or special fee.

**HERRIMAN CITY, UTAH
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 June 30, 2014**

	Special Revenue Fund				Capital Projects Funds						Total Nonmajor Governmental Funds
	Herriman Parkway	Mayor Crane Park	Public Safety Fee	Debt Service	Park Impact Fee	Road Impact Fee	Storm Drain Impact Fee	Street Sign Fee	Street Light Fee	Capital Projects	
Assets:											
Cash & Cash Equivalents	\$ 33,112			\$ 574						\$ 728,876	\$ 762,562
Restricted Cash		\$ 647	\$ 31,289		\$ 796,090	\$ 289,972	\$ 233,708	\$ 82,478	\$ 190,160	362,950	1,987,294
Total Assets	<u>\$ 33,112</u>	<u>\$ 647</u>	<u>\$ 31,289</u>	<u>\$ 574</u>	<u>\$ 796,090</u>	<u>\$ 289,972</u>	<u>\$ 233,708</u>	<u>\$ 82,478</u>	<u>\$ 190,160</u>	<u>\$ 1,091,826</u>	<u>\$ 2,749,856</u>
Liabilities and Fund Balances											
Liabilities:											
Accounts Payable	\$ -				\$ 111,709	\$ 2,890		\$ 316	\$ 6,239	\$ 500,000	\$ 621,154
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>111,709</u>	<u>2,890</u>	<u>-</u>	<u>316</u>	<u>6,239</u>	<u>500,000</u>	<u>621,154</u>
Fund Balances:											
Restricted for:											
Debt Service				574							574
Capital Improvements		647	31,289		684,381	287,082	233,708	82,162	183,921	591,826	2,095,016
Unassigned	33,112									-	33,112
Total Fund Balances	<u>33,112</u>	<u>647</u>	<u>31,289</u>	<u>574</u>	<u>684,381</u>	<u>287,082</u>	<u>233,708</u>	<u>82,162</u>	<u>183,921</u>	<u>591,826</u>	<u>2,128,702</u>
Total Liabilities and Fund Balances	<u>\$ 33,112</u>	<u>\$ 647</u>	<u>\$ 31,289</u>	<u>\$ 574</u>	<u>\$ 796,090</u>	<u>\$ 289,972</u>	<u>\$ 233,708</u>	<u>\$ 82,478</u>	<u>\$ 190,160</u>	<u>\$ 1,091,826</u>	<u>\$ 2,749,856</u>

HERRIMAN CITY, UTAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014

	Special Revenue Fund				Capital Projects Funds						Total Nonmajor Governmental Funds
	Herriman Parkway	Mayor Crane Park	Public Safety Fee	Debt Service	Park Impact Fee	Road Impact Fee	Storm Drain Impact Fee	Street Sign Fee	Street Light Fee	Capital Projects	
Revenues:											
Charges for Services			\$ 425								\$ 425
Impact Fee Revenues					\$ 923,588	\$ 799,407	\$ 488,961	\$ 41,130	\$ 418,251		2,671,337
Contributions										\$ 120,000	120,000
Interest Earnings		\$ 8		\$ 205	610	1,623	340			949	3,735
Miscellaneous Revenue	\$ 1,372,830										1,372,830
Total Revenue	\$ 1,372,830	\$ 8	\$ 425	\$ 205	\$ 924,198	\$ 801,030	\$ 489,301	\$ 41,130	\$ 418,251	\$ 120,949	\$ 4,168,327
Expenditures:											
Current:											
Administration											
Operations	1,383,677		2,070			170,264				363,068	1,919,079
Planning & Development					49,006		8,832		12,000	62,500	132,338
Capital Outlay					980,791	48,993	482,751	15,378	223,250	979,715	2,730,878
Debt Service											
Principal					140,625	100,000					240,625
Interest						194,723					194,723
Total Expenditures	\$ 1,383,677	\$ -	\$ 2,070	\$ -	\$ 1,170,422	\$ 513,980	\$ 491,583	\$ 15,378	\$ 235,250	\$ 1,405,283	\$ 5,217,643
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	(10,847)	8	(1,645)	205	(246,224)	287,050	(2,282)	25,752	183,001	(1,284,334)	(1,049,316)
Other Financing Sources (Uses)											
Loan Proceeds					562,500						562,500
Transfers In										1,534,472	1,534,472
Sale of Fixed Assets					(2,800)						(2,800)
Total Other Financing Sources and Uses	-	-	-	-	559,700	-	-	-	-	1,534,472	2,094,172
Net Changes in Fund Balances	(10,847)	8	(1,645)	205	313,476	287,050	(2,282)	25,752	183,001	250,138	1,044,856
Fund Balances, Beginning of Year	43,959	639	32,934	369	370,905	32	235,990	56,410	920	341,688	1,083,846
Fund Balances, End of Year	\$ 33,112	\$ 647	\$ 31,289	\$ 574	\$ 684,381	\$ 287,082	\$ 233,708	\$ 82,162	\$ 183,921	\$ 591,826	\$ 2,128,702

BUDGETARY COMPARISON SCHEDULES

**HERRIMAN CITY, UTAH
HERRIMAN PARKWAY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Miscellaneous Revenue	\$ -	\$ 1,622,830	\$ 1,622,830	\$ 1,372,830	\$ (250,000)
Total Revenue	-	1,622,830	1,622,830	1,372,830	(250,000)
Expenditures					
Operating	-	1,643,677	1,643,677	1,383,677	(260,000)
Deficiency of Revenues Under Expenditures	-	(20,847)	(20,847)	(10,847)	(10,847)
Net Change in Fund Balance	-	(20,847)	(20,847)	(10,847)	10,000
Fund Balance-Beginning	43,959	-	43,959	43,959	-
Fund Balance-Ending	\$ 43,959	\$ (20,847)	\$ 23,112	\$ 33,112	\$ 10,000

**HERRIMAN CITY, UTAH
MAYOR CRANE PARK FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Investment Earnings	\$ -	\$ -	\$ -	\$ 8	\$ 8
Total Revenue	-	-	-	8	8
Net Change in Fund Balance	-	-	-	8	8
Fund Balance-Beginning	639	-	639	639	-
Fund Balance-Ending	<u>\$ 639</u>	<u>\$ -</u>	<u>\$ 639</u>	<u>\$ 647</u>	<u>\$ 8</u>

**HERRIMAN CITY, UTAH
PUBLIC SAFETY FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Public Safety Fee	\$ -	\$ 425	\$ 425	\$ 425	\$ -
Total Revenue	-	425	425	425	-
Expenditures					
Operations	-	7,412	7,412	2,070	(5,342)
Total Expenditures	-	7,412	7,412	2,070	(5,342)
Deficiency of Revenues Under Expenditures	-	(6,987)	(6,987)	(1,645)	(5,342)
Net Change in Fund Balance	-	(6,987)	(6,987)	(1,645)	(5,342)
Fund Balance-Beginning	32,934	-	32,934	32,934	-
Fund Balance-Ending	\$ 32,934	\$ (6,987)	\$ 25,947	\$ 31,289	\$ (5,342)

**HERRIMAN CITY, UTAH
DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Investment Earnings	\$ -	\$ -	\$ -	\$ 205	\$ 205
Total Revenue	-	-	-	205	205
Net Change in Fund Balance	-	-	-	205	205
Fund Balance-Beginning	369	-	369	369	-
Fund Balance-Ending	<u>\$ 369</u>	<u>\$ -</u>	<u>\$ 369</u>	<u>\$ 574</u>	<u>\$ 205</u>

**HERRIMAN CITY, UTAH
PARK IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Impact Fees	\$ 992,250	\$ (79,973)	\$ 912,277	\$ 923,588	\$ 11,311
Investment Earnings	400	(107)	293	610	317
Total Revenue	992,650	(80,080)	912,570	924,198	11,628
Expenditures					
Engineering	772	66,741	67,513	49,006	(18,507)
Capital Outlay	181,000	268,355	449,355	980,791	531,436
Debt Service	-	-	-	140,625	140,625
Sale of Fixed Assets	-	-	-	2,800	2,800
Total Expenditures	181,772	335,096	516,868	1,173,222	656,354
Excess Deficiency of Revenues Over (Under) Expenditures	810,878	(415,176)	395,702	(249,024)	(644,726)
Other Financing Sources					
Proceeds of LT Note	-	-	-	562,500	562,500
Total Financing Sources	-	-	-	562,500	562,500
Net Change in Fund Balance	810,878	(415,176)	395,702	313,476	(82,226)
Fund Balance-Beginning	370,905	-	370,905	370,905	-
Fund Balance-Ending	<u>\$ 1,181,783</u>	<u>\$ (415,176)</u>	<u>\$ 766,607</u>	<u>\$ 684,381</u>	<u>\$ (82,226)</u>

**HERRIMAN CITY, UTAH
ROAD IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Impact Fees	\$ 945,000	\$ (188,850)	\$ 756,150	\$ 799,407	\$ 43,257
Investment Earnings	600	179	779	1,623	844
Total Revenue	945,600	(188,671)	756,929	801,030	44,101
Expenditures					
Operations	661,502	(448,800)	212,702	170,264	(42,438)
Capital Outlay	-	244,304	244,304	48,993	(195,311)
Debt Service	284,098	10,625	294,723	294,723	-
Total Expenditures	945,600	(193,871)	751,729	513,980	(237,749)
Excess of Revenues Over Expenditures	-	5,200	5,200	287,050	281,850
Net Change in Fund Balance	-	5,200	5,200	287,050	281,850
Fund Balance-Beginning	32	-	32	32	-
Fund Balance-Ending	\$ 32	\$ 5,200	\$ 5,232	\$ 287,082	\$ 281,850

HERRIMAN CITY, UTAH
STORM DRAIN IMPACT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Storm Drain Impact Fee	\$ 49,585	\$ 465,638	\$ 515,223	\$ 488,961	\$ (26,263)
Investment Earnings	130	32	162	340	178
Total Revenue	49,715	465,670	515,385	489,301	(26,084)
Expenditures					
Planning & Development	49,715	141,910	191,625	8,832	(182,793)
Capital Outlay	-	482,751	482,751	482,751	-
Total Expenditures	49,715	624,661	674,376	491,583	(182,793)
Deficiency of Revenues Under Expenditures	-	(158,991)	(158,991)	(2,282)	156,709
Net Change in Fund Balance	-	(158,991)	(158,991)	(2,282)	156,709
Fund Balance-Beginning	235,990	-	235,990	235,990	-
Fund Balance-Ending	<u>\$ 235,990</u>	<u>\$ (158,991)</u>	<u>\$ 76,999</u>	<u>\$ 233,708</u>	<u>\$ 156,709</u>

**HERRIMAN CITY, UTAH
STREET SIGN FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Street Sign Impact Fee	\$ 22,000	\$ -	\$ 22,000	\$ 41,130	\$ 19,130
Total Revenue	22,000	-	22,000	41,130	19,130
Expenditures					
Capital Outlay	17,500	-	17,500	15,378	(2,122)
Total Expenditures	17,500	-	17,500	15,378	(2,122)
Excess Deficiency of Revenues Over Expenditures	4,500	-	4,500	25,752	21,252
Net Change in Fund Balance	4,500	-	4,500	25,752	21,252
Fund Balance-Beginning	56,410	-	56,410	56,410	-
Fund Balance-Ending	<u>\$ 60,910</u>	<u>\$ -</u>	<u>\$ 60,910</u>	<u>\$ 82,162</u>	<u>\$ 21,252</u>

**HERRIMAN CITY, UTAH
STREET LIGHT FEE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Street Light Impact Fee	\$ 85,000	\$ 325,750	\$ 410,750	\$ 418,251	\$ 7,501
Total Revenue	85,000	325,750	410,750	418,251	7,501
Expenditures					
Planning & Development	12,000	-	12,000	12,000	-
Capital Outlay	70,000	158,011	228,011	223,250	(4,761)
Total Expenditures	82,000	158,011	240,011	235,250	(4,761)
Excess of Revenues Over Expenditures	3,000	167,739	170,739	183,001	12,262
Net Change in Fund Balance	3,000	167,739	170,739	183,001	12,262
Fund Balance-Beginning	920	-	920	920	-
Fund Balance-Ending	<u>\$ 3,920</u>	<u>\$ 167,739</u>	<u>\$ 171,659</u>	<u>\$ 183,921</u>	<u>\$ 12,262</u>

**HERRIMAN CITY, UTAH
CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2014**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
Revenue					
Contributions	\$ -	\$ 120,000	\$ 120,000	\$ 120,000	\$ -
Investment Earnings	-	-	-	949	949
Total Revenue	-	120,000	120,000	120,949	949
Expenditures					
Operations	-	370,567	370,567	363,068	(7,499)
Planning & Development	-	62,500	62,500	62,500	-
Capital Outlay	121,500	358,215	479,715	979,715	500,000
Total Expenditures	121,500	791,282	912,782	1,405,283	492,501
Deficiency of Revenues Under Expenditures	(121,500)	(671,282)	(792,782)	(1,284,334)	(491,552)
Other Financing Sources (Uses)					
Transfers In	-	1,534,472	1,534,472	1,534,472	-
Total Financing Sources (Uses)	-	1,534,472	1,534,472	1,534,472	-
Net Change in Fund Balance	(121,500)	863,190	741,690	250,138	(491,552)
Fund Balance-Beginning	341,688	-	341,688	341,688	-
Fund Balance-Ending	<u>\$ 220,188</u>	<u>\$ 863,190</u>	<u>\$ 1,083,378</u>	<u>\$ 591,826</u>	<u>\$ (491,552)</u>

HERRIMAN CITY, UTAH
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND-DEVELOPER BONDS
For the Year Ended June 30, 2014

	Developer Cash Bonds			
	June 30, 2013	Additions	Deletions	June 30, 2014
Assets:				
Cash and Cash Equivalents	\$ 989,554	\$ 1,273,630	\$ 1,420,074	\$ 843,110
Total Assets	<u>\$ 989,554</u>	<u>\$ 1,273,630</u>	<u>\$ 1,420,074</u>	<u>\$ 843,110</u>
Liabilities:				
Due to Developers	\$ 989,554	\$ 1,273,630	\$ 1,420,074	\$ 843,110
Total Liabilities	<u>\$ 989,554</u>	<u>\$ 1,273,630</u>	<u>\$ 1,420,074</u>	<u>\$ 843,110</u>

HERRIMAN CITY, UTAH
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND-HI COUNTRY II
For the Year Ended June 30, 2014

	HI Country II			
	June 30, 2013	Additions	Deletions	June 30, 2014
Assets:				
Cash and Cash Equivalents	\$ 9,240	\$ 161,638	\$ 119,848	\$ 51,030
Accounts Receivable	11,639	151,425	150,141	12,923
LT Receivable-Herriman City	603,738	-	-	603,738
Total Assets	<u>\$ 624,617</u>	<u>\$ 313,063</u>	<u>\$ 269,989</u>	<u>\$ 667,691</u>
Liabilities:				
Accounts Payable	\$ 27,749	\$ 116,646	\$ 122,722	\$ 21,673
Due to High Country II Homeowners	596,868	49,150		646,018
Total Liabilities	<u>\$ 624,617</u>	<u>\$ 165,796</u>	<u>\$ 122,722</u>	<u>\$ 667,691</u>

HERRIMAN CITY, UTAH
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND-HI COUNTRY I
For the Year Ended June 30, 2014

	HI Country I			
	June 30, 2013	Additions	Deletions	June 30, 2014
Assets:				
Cash and Cash Equivalents	\$ (17,089)	\$ 198,647	\$ 184,194	\$ (2,636)
Accounts Receivable	8,666	97,949	93,953	12,662
Total Assets	<u>\$ (8,423)</u>	<u>\$ 296,596</u>	<u>\$ 278,147</u>	<u>\$ 10,026</u>
Liabilities:				
Accounts Payable	\$ 13,955	\$ 32,570	\$ 45,516	\$ 1,010
Due to High Country I Homeowners	(22,378)	31,395		9,017
Total Liabilities	<u>\$ (8,423)</u>	<u>\$ 63,965</u>	<u>\$ 45,516</u>	<u>\$ 10,026</u>

STATISTICAL SECTION



STATISTICAL SECTION

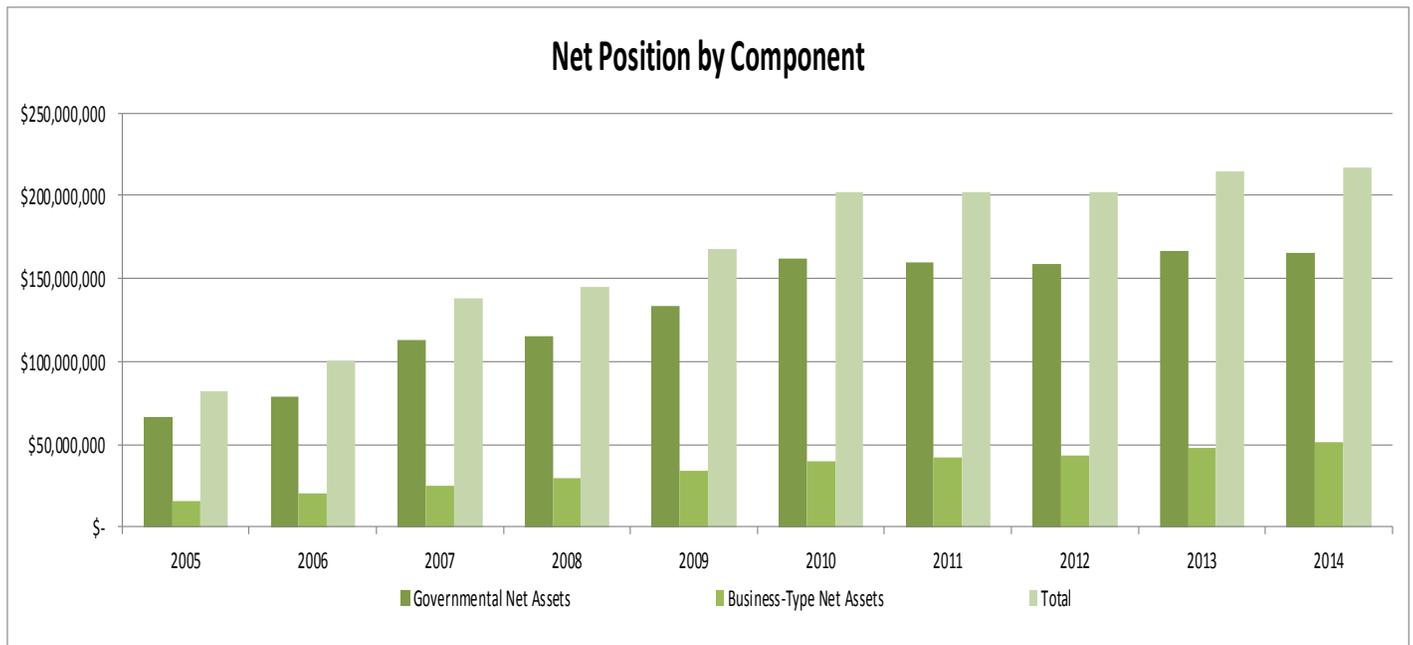
This part of the Herriman City Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

CONTENTS

	PAGE
Financial Trends	81
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	86
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	92
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future years.</i>	
Demographic and Economic Information	97
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operational Information	99
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

**HERRIMAN CITY
NET POSITION BY COMPONENT
Last Ten Fiscal Years**

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental Activities										
Invested in Capital Assets, Net of Related Debt										
Restricted	\$ 56,387,891	\$ 70,058,650	\$ 103,410,726	\$ 109,077,359	\$ 123,489,827	\$ 135,682,327	\$ 137,476,378	\$ 136,454,715	\$ 147,361,038	\$ 144,896,719
Unrestricted	7,509,998	6,327,100	7,272,717	5,176,759	8,431,358	19,162,560	2,764,823	3,717,412	1,419,158	2,095,016
Total Governmental Activities Net	\$ 66,519,835	\$ 79,168,375	\$ 113,411,070	\$ 115,531,646	\$ 133,952,359	\$ 161,671,610	\$ 159,715,797	\$ 158,623,771	\$ 167,146,767	\$ 165,907,993
Business-Type Assets										
Invested in Capital Assets, Net of Related Debt	\$ 12,328,142	\$ 17,186,160	\$ 23,501,305	\$ 21,958,921	\$ 31,080,624	\$ 38,206,965	\$ 34,991,518	\$ 37,539,983	\$ 38,843,710	\$ 41,063,383
Restricted			1,033,134	1,759,207	2,374,041	993,408	1,618,248	1,955,374	2,678,481	7,742,702
Unrestricted	3,561,300	3,526,543	152,327	5,388,030	509,295	984,349	5,198,425	3,630,454	6,400,558	1,781,121
Total Business-Type Activities Net	\$ 15,889,442	\$ 20,712,703	\$ 24,686,766	\$ 29,106,158	\$ 33,963,960	\$ 40,184,722	\$ 41,808,191	\$ 43,125,811	\$ 47,922,749	\$ 50,587,206
Primary Government										
Debt	\$ 68,716,033	\$ 87,244,810	\$ 126,912,031	\$ 131,036,280	\$ 154,570,451	\$ 173,889,292	\$ 172,467,896	\$ 173,994,698	\$ 186,204,748	\$ 185,960,102
Restricted	7,509,998	6,327,100	8,305,851	6,935,966	10,805,399	20,155,968	4,383,071	5,672,786	4,097,639	9,837,718
Unrestricted	6,183,246	6,309,168	2,879,954	6,665,558	2,540,469	7,811,072	24,673,021	22,082,098	24,767,129	20,697,379
Total Primary Government Net Assets	\$ 82,409,277	\$ 99,881,078	\$ 138,097,836	\$ 144,637,804	\$ 167,916,319	\$ 201,856,332	\$ 201,523,988	\$ 201,749,582	\$ 215,069,516	\$ 216,495,199



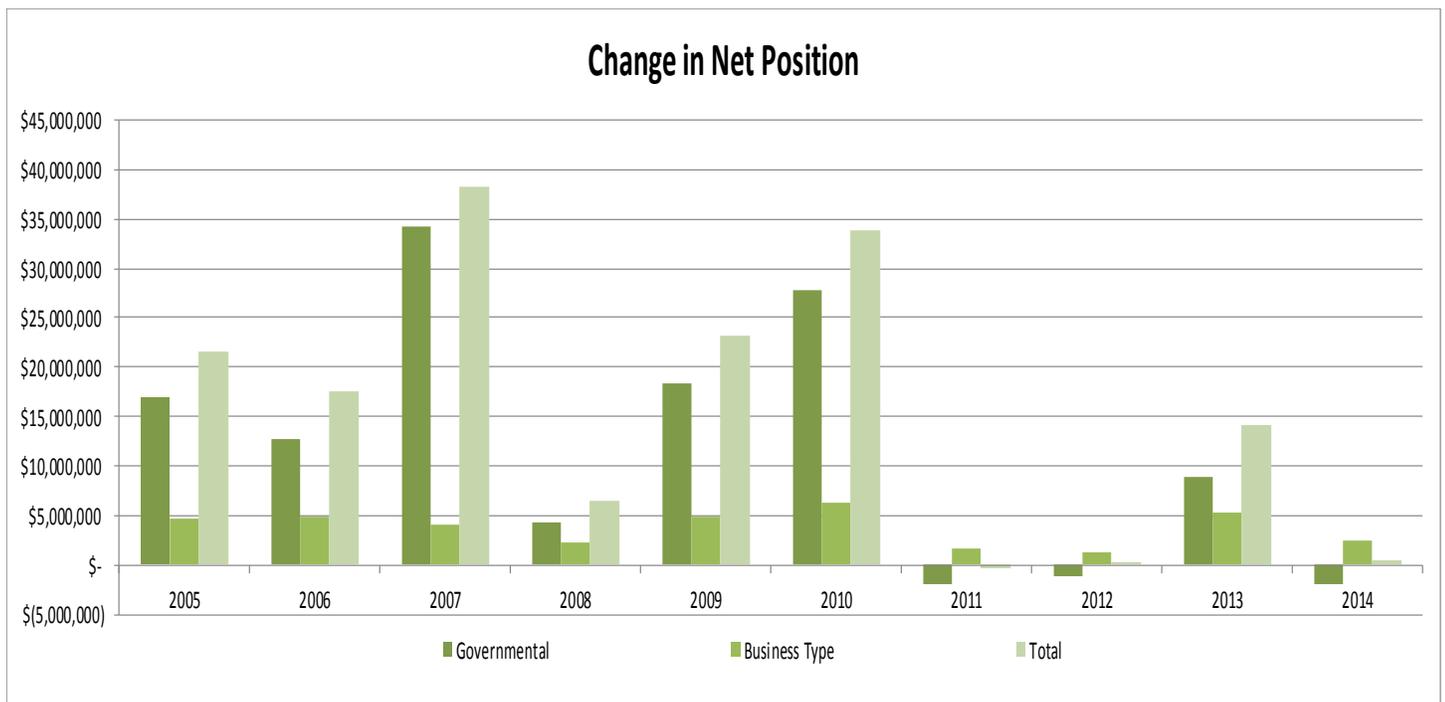
HERRIMAN CITY
CHANGES IN NET POSITION
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Expenses										
<u>Government Activities</u>										
Governmental										
Administration	2,239,844	2,406,579	2,223,768	1,865,084	1,960,418	3,959,070	5,055,423	4,743,122	4,895,368	1,560,772
Courts										157,852
Human Resources										285,494
Recorder										166,538
Operations										
Facilities	111,900	141,184	581,036	236,949	223,012	355,885	252,122	120,424	150,454	353,456
Enforcement/Emergency	991,646	1,833,965	2,192,843	1,764,437	1,917,999	2,119,827	2,407,954	1,469,300	295,457	354,570
Fleet Management									170,438	174,430
Streets	1,981,920	2,114,136	1,447,897	4,188,584	4,069,662	4,994,697	5,546,213	6,114,691	6,010,640	11,282,487
Events										598,103
Parks & Cemetery	1,627,909	1,903,429	1,924,300	2,185,956	2,050,613	2,072,354	2,096,071	2,110,060	2,199,047	2,178,750
Planning & Development										
Building										474,060
Economic Development	1,036,327	780,389	349,138	1,094,617	930,320	1,089,436	2,350,794	862,776	621,757	95,291
Engineering				441,022	263,575	656,880	436,680	567,543	681,740	616,971
IT/GIS	162,772	109,019	163,366	385,870	355,015	436,256	480,420	504,183	808,804	815,532
Planning							417,296	508,912	905,657	508,825
Interest in Long Term Debt	171,077	146,905	56,325	323,110	414,974	450,180	659,180	450,903	1,179,005	1,003,028
Total Governmental Activities Expense	\$ 8,323,395	\$ 9,435,606	\$ 8,938,673	\$ 12,485,629	\$ 12,185,588	\$ 16,134,585	\$ 19,702,153	\$ 17,451,914	\$ 17,918,367	\$ 20,626,159
Business-Type Activities										
Water	\$ 2,095,781	\$ 2,928,964	\$ 3,902,528	\$ 4,079,113	\$ 4,061,314	\$ 4,621,596	\$ 5,471,980	\$ 6,509,246	\$ 7,160,127	\$ 7,522,502
Total Business Type-Activities	\$ 2,095,781	\$ 2,928,964	\$ 3,902,528	\$ 4,079,113	\$ 4,061,314	\$ 4,621,596	\$ 5,471,980	\$ 6,509,246	\$ 7,160,127	\$ 7,522,502
Total Primary Governmental Expense	\$ 10,419,176	\$ 12,364,570	\$ 12,841,201	\$ 16,564,742	\$ 16,246,902	\$ 20,756,181	\$ 25,174,133	\$ 23,961,160	\$ 25,078,494	\$ 28,148,661
Program Revenues										
<u>Governmental Activities</u>										
Charges for Services										
Governmental										
Administration	6,071,134	4,972,719	5,306,045	1,629,746	1,118,094	4,555,575	3,169,440	2,751,870	3,594,800	121,048
Courts										120,221
Human Resources										
Recorder										298
Operations										
Facilities	7,044	7,211								2,375
Enforcement/Emergency	55,897	50,997	1,602,619	1,740,282	1,925,464	2,110,844	2,530,704	1,338,607	251,321	425
Fleet Management										
Streets	1,591,067	826,895	874,651	813,295	1,706,134	673,083	710,418	1,258,429	1,306,983	
Events										
Parks & Cemetery	215,750	259,987	842,539	4,129,500	1,728,664	766,370	868,233	1,324,397	1,470,309	737,809
Planning & Development										
Building										3,760,259
Economic Development										437,470
Engineering										
IT/GIS	837	949								
Planning	39,800	81,074	99,725				117,340		758,793	
Operating Grants & Contributions	306,529	503,217	572,601	656,474	635,128	661,748	1,502,698	925,011	810,853	785,409
Capital Grants & Contributions	17,411,960	14,022,786	31,613,345	2,974,561	19,546,950	32,863,607	5,118,934	4,809,693	14,353,680	7,769,118
Total Governmental Activities Program Revenues	\$ 25,700,018	\$ 20,725,835	\$ 40,911,525	\$ 11,943,858	\$ 26,660,434	\$ 41,631,227	\$ 14,017,767	\$ 12,408,007	\$ 22,546,739	\$ 13,734,432

HERRIMAN CITY
CHANGES IN NET POSITION (Cont)
Last Ten Fiscal Years

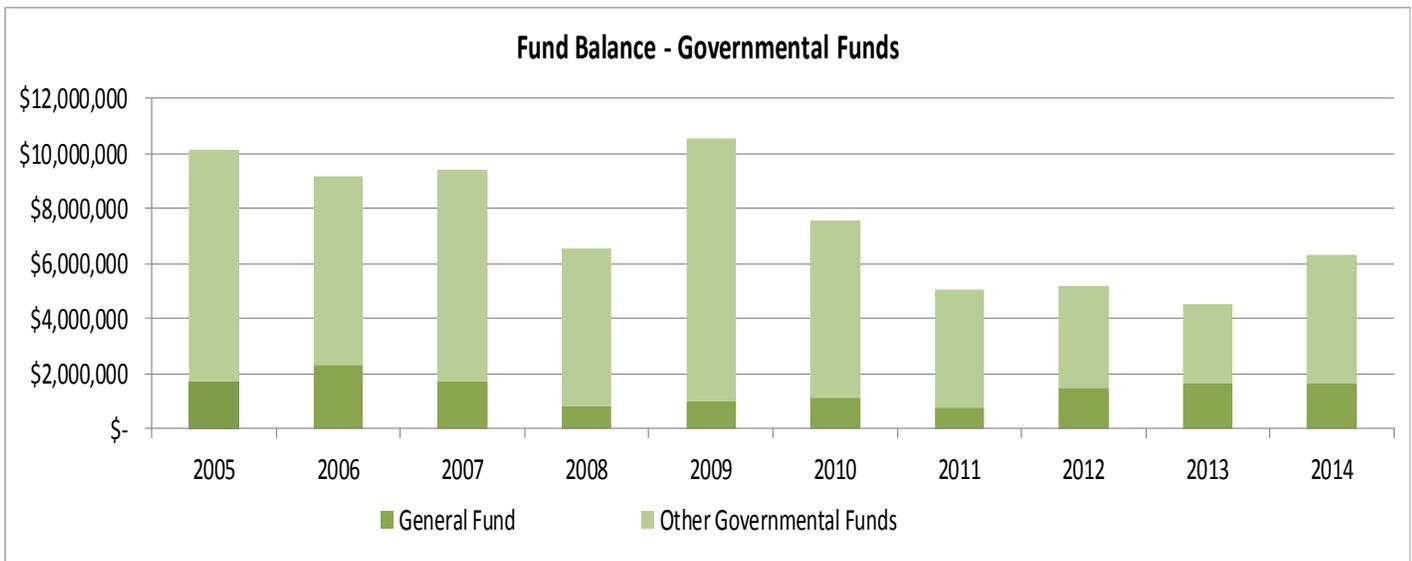
	Fiscal Year										
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	
Business-Type Activities											
Charges for Services											
Water	\$ 1,425,026	\$ 2,274,444	\$ 2,863,608	\$ 4,054,811	\$ 4,016,901	\$ 4,043,059	\$ 4,552,970	\$ 4,978,695	\$ 5,733,022	\$ 5,929,877	
Operating Grants & Contributions	-	-	-	-	-	-	-	-	-	-	
Capital Grants & Contributions	2,507,644	3,907,724	2,746,150	2,015,414	4,846,587	5,670,804	2,623,404	2,819,266	6,612,997	4,047,629	
Revenues	\$ 3,932,670	\$ 6,182,168	\$ 5,609,758	\$ 6,070,225	\$ 8,863,488	\$ 9,713,863	\$ 7,176,374	\$ 7,797,961	\$ 12,346,019	\$ 9,977,506	
Total Primary Government Program Revenue	\$ 29,632,688	\$ 26,908,003	\$ 46,521,283	\$ 18,014,083	\$ 35,523,922	\$ 51,345,090	\$ 21,194,141	\$ 20,205,968	\$ 34,892,758	\$ 23,711,938	
Net (Expenses) Revenue											
Government Activities	17,376,623	11,290,229	31,972,852	(541,771)	14,474,846	25,496,642	(5,684,386)	(5,043,907)	4,628,372	(6,891,727)	
Business Type Activities	1,836,889	3,253,204	1,707,230	1,991,112	4,802,174	5,092,267	1,704,394	1,288,715	5,185,892	2,455,004	
Total Primary Government Net Expenses	\$ 19,213,512	\$ 14,543,433	\$ 33,680,082	\$ 1,449,341	\$ 19,277,020	\$ 30,588,909	\$ (3,979,992)	\$ (3,755,192)	\$ 9,814,264	\$ (4,436,723)	
General Revenues and Other Changes in Net Assets											
Governmental Activities											
Property Tax levied for General Purposes	\$ 949,821	\$ 1,215,446	\$ 1,506,288	\$ 265,030	\$ 401,978	\$ 471,777	\$ 475,937	\$ 490,937	\$ 581,374	\$ 678,146	
Sales and Use Tax	541,262	961,598	1,374,765	1,742,166	1,671,217	1,636,170	1,901,649	2,219,538	2,384,822	2,644,745	
Franchise Tax	14,305	25,838	752,962	885,282	996,562	1,019,646	1,133,699	1,154,222	1,296,438	1,466,102	
Unrestricted Earnings Investment	229,987	474,038	508,372	368,206	173,622	46,422	43,158	38,071	48,039	97,479	
Miscellaneous	73,603	90,391	15,989	63,755	10,681	130,690	74,130	43,959	40,495		
Gain (Loss) on Disposal of Capital Assets	497,125	47,053	10,821	1,437,837	691,807	17,905		5,155		41,001	
Transfers	(2,806,128)	(1,456,052)	(1,899,357)	(6,649)	-	(1,100,000)	100,000				
Total Governmental Activities	\$ (500,025)	\$ 1,358,312	\$ 2,269,840	\$ 4,755,627	\$ 3,945,867	\$ 2,222,610	\$ 3,728,573	\$ 3,951,882	\$ 4,351,168	\$ 4,927,473	
Business Type Activities											
Unrestricted Investment Earnings	\$ 973	\$ 114,005	\$ 367,476	\$ 1,217		\$ 28,495	\$ 19,074	\$ 28,905	\$ 43,642	\$ 32,791	
Transfers	2,806,128	1,456,052	1,899,357	333,782	55,628	1,100,000	(100,000)				
Total Business Type Activities	\$ 2,807,101	\$ 1,570,057	\$ 2,266,833	\$ 334,999	\$ 55,628	\$ 1,128,495	\$ (80,926)	\$ 28,905	\$ 43,642	\$ 32,791	
Total Changes in Net Assets											
Governmental Activities	\$ 16,876,598	\$ 12,648,541	\$ 34,242,692	\$ 4,213,856	\$ 18,420,713	\$ 27,719,252	\$ (1,955,813)	\$ (1,092,025)	\$ 8,979,540	\$ (1,964,254)	
Business Type Activities	4,643,990	4,823,261	3,974,063	2,326,111	4,857,802	6,220,762	1,623,468	1,317,620	5,229,534	2,487,795	
Total Changes in Net Assets - Primary Government	\$ 21,520,588	\$ 17,471,802	\$ 38,216,755	\$ 6,539,967	\$ 23,278,515	\$ 33,940,014	\$ (332,345)	\$ 225,595	\$ 14,209,074	\$ 523,542	

HERRIMAN CITY
CHANGES IN NET POSITION (Cont)
 Last Ten Fiscal Years



HERRIMAN CITY
FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Restricted								2,997	87,773	
Unassigned	1,726,340	2,301,931	1,691,707	848,728	1,000,947	1,121,220	747,943	1,483,744	1,579,488	1,655,215
Total General Fund	<u>\$ 1,726,340</u>	<u>\$ 2,301,931</u>	<u>\$ 1,691,707</u>	<u>\$ 848,728</u>	<u>\$ 1,000,947</u>	<u>\$ 1,121,220</u>	<u>\$ 747,943</u>	<u>\$ 1,486,741</u>	<u>\$ 1,667,261</u>	<u>\$ 1,655,215</u>
All Other Governmental Funds										
Restricted										
Special Revenue Fund	-	-	213,946	2,188,072	1,331,228	5,663,402	3,434,405	2,520,042	1,826,396	-
Capital Projects	7,115,194	6,115,113	6,382,637	3,185,164	7,100,130	641,654	886,721	1,169,777	1,005,945	2,095,016
Debt Service	-	211,986	-	-	-	6	107	242	369	574
Unassigned	1,320,962	573,863	1,112,802	312,453	1,116,784	167,921				2,545,552
Total All Other Governmental Funds	<u>\$ 8,436,156</u>	<u>\$ 6,900,962</u>	<u>\$ 7,709,385</u>	<u>\$ 5,685,689</u>	<u>\$ 9,548,142</u>	<u>\$ 6,472,983</u>	<u>\$ 4,321,233</u>	<u>\$ 3,690,061</u>	<u>\$ 2,832,710</u>	<u>\$ 4,641,142</u>
Total Governmental Funds	<u>\$ 10,162,496</u>	<u>\$ 9,202,893</u>	<u>\$ 9,401,092</u>	<u>\$ 6,534,417</u>	<u>\$ 10,549,089</u>	<u>\$ 7,594,203</u>	<u>\$ 5,069,176</u>	<u>\$ 5,176,802</u>	<u>\$ 4,499,971</u>	<u>\$ 6,296,357</u>

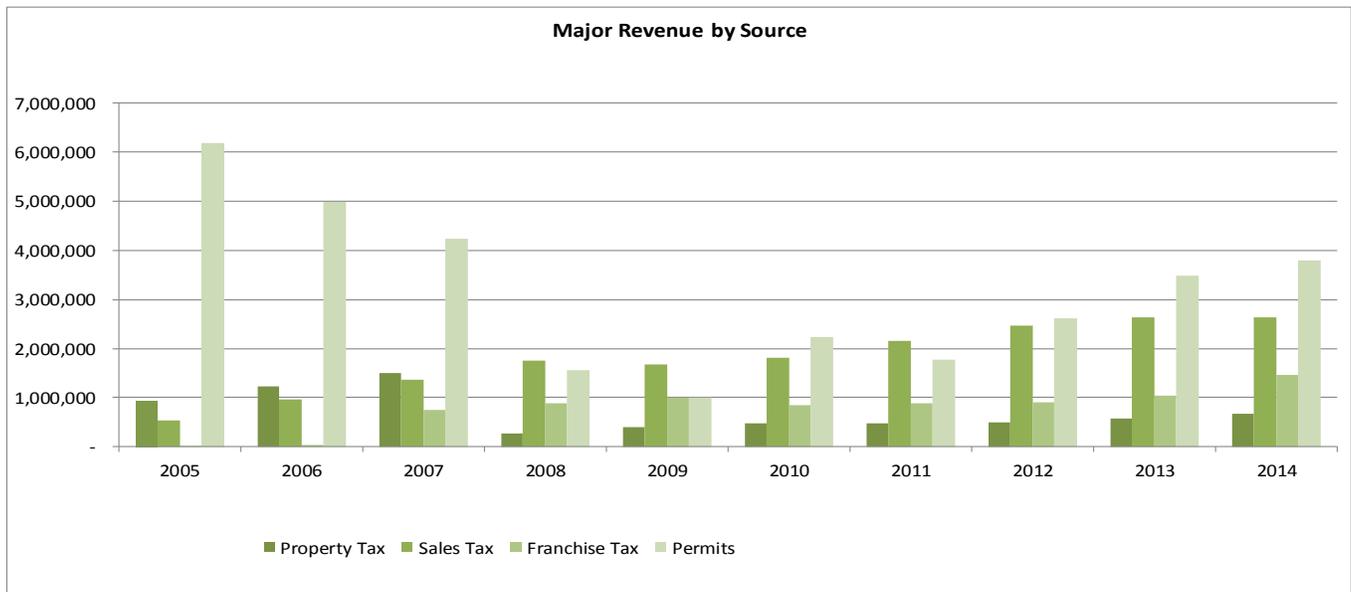


HERRIMAN CITY
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years

	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Revenues										
Property Taxes	\$ 949,821	\$ 1,226,248	\$ 1,506,288	\$ 265,030	\$ 401,978	\$ 471,777	\$ 475,937	\$ 490,937	\$ 581,374	\$ 678,146
Sales & Use Taxes	541,262	961,596	1,374,765	1,742,167	1,671,217	1,815,621	2,152,943	2,462,552	2,637,415	2,644,745
Franchise Taxes	14,305	25,838	752,962	885,281	1,002,562	840,196	882,406	910,908	1,043,846	1,466,102
Licenses & Permits	6,186,622	4,999,339	4,247,964	1,558,870	997,264	2,243,076	1,775,703	2,622,217	3,496,040	3,799,173
Intergovernmental	288,029	354,539	528,601	4,092,964	4,580,830	621,702	669,375	754,221	797,757	796,914
Charges for Services	232,913	340,005	451,805	533,569	4,086,939	2,638,252	5,567,587	2,814,294	1,570,322	1,185,542
Fines & Forfeitures	55,896	50,997	183,461	152,604	153,606	158,759	156,398	147,662	157,179	120,864
Special Assessment Revenue										1,174,073
Impact Fee Revenue	8,642,972	5,658,304	6,245,793	2,790,710	2,007,831	836,651	1,647,483	1,910,977	2,011,906	2,671,337
Contributions	96,987	500	200	75		353,937		133,343	1,375,818	1,142,606
Grants	18,500	138,878	67,460	23,476	44,299	32,100	109,574	38,254	88,454	-
Interest Earnings	229,988	474,042	622,978	404,661	127,573	20,540	19,378	19,559	47,552	97,478
Miscellaneous Revenue	81,485	99,105	26,655	87,691	153,033	2,771,829	162,756	1,774,006	1,596,160	1,496,193
Total Revenues	\$ 17,338,780	\$ 14,329,391	\$ 16,008,932	\$ 12,537,098	\$ 15,227,132	\$ 12,804,440	\$ 13,619,540	\$ 14,078,930	\$ 15,403,823	\$ 17,273,174
Expenditures										
Current Operating										
Governmental										
Administration	856,636	1,072,114	1,291,815	1,449,588	1,261,618	1,400,891	1,076,330	1,204,223	1,502,331	1,380,794
Courts										157,852
Human Resources					107,031	151,485	134,544	197,098	243,350	285,494
Recorder										166,538
Operations										
Facilities	512,251	150,367	240,669	262,567	249,074	352,090	253,407	221,557	246,683	346,511
Enforcement/Emergency	991,930	1,838,314	2,143,434	1,805,244	1,936,399	2,105,359	2,873,087	1,450,273	366,158	340,145
Fleet Management	43,562	59,798	60,028	82,460	115,506	160,022	143,621	143,248	158,799	174,430
Streets	1,585,753	1,210,642	1,655,766	1,895,942	1,348,791	945,955	1,438,343	1,368,204	1,346,123	3,555,361
Events										598,103
Parks & Cemetery	1,566,259	1,562,150	1,819,432	1,330,930	6,595,926	1,266,009	1,373,116	1,323,951	1,361,370	1,423,463
Planning & Development										
Building	156,331	185,837	6,100,324	519,043	398,757	533,239	528,740	577,182	832,497	474,060
Economic Development										95,291
Engineering	525,888	508,127	820,792	526,486	272,810	638,274	454,325	569,145	716,330	594,754
IT/GIS	169,573	158,928	253,744	466,194	379,668	450,160	487,740	486,381	734,240	815,532
Planning	963,337	639,944	655,116	811,058	578,270	534,325	3,507,037	736,655	752,936	508,825
Capital Outlay	6,044,924	6,830,531	5,322,062	6,657,326	8,204,463	23,845,915	2,410,725	4,358,024	4,815,689	2,960,304
Debt Service										
Principle Retirement	133,000	2,145,000	267,000	1,240,500				870,000	1,875,000	1,375,625
Interest and Fiscal Charges	149,568	139,227	69,570	42,413	66,562	416,448	1,563,551	1,189,090	1,176,461	1,025,666
Cost of Issuance					213,663					-
Total Expenditures	\$ 13,699,012	\$ 16,500,979	\$ 20,699,752	\$ 17,089,751	\$ 21,728,538	\$ 32,800,172	\$ 16,244,566	\$ 14,695,031	\$ 16,127,967	\$ 16,278,748
Excess (Deficiency) of Revenues	\$ 3,639,768	\$ (2,171,588)	\$ (4,690,820)	\$ (4,552,653)	\$ (6,501,406)	\$ (19,995,732)	\$ (2,625,026)	\$ (616,101)	\$ (724,144)	\$ 994,426
Other Financing Sources										
Transfers In	1,421,537	1,519,199	2,044,000	1,717,004	680,000	388,000	184,197	629,823	904,284	1,534,472
Transfers Out	(2,240,485)	(1,519,199)	(2,668,779)	(1,723,653)	(680,000)	(1,488,000)	(84,197)	(629,823)	(904,284)	(1,534,472)
Sale of Fixed Assets	497,125	123,495	5,390,483	3,116,404	2,166,377	46,872		696,188		(2,800)
Loan Proceeds	431,698	1,088,494	123,313	669,504	8,349,900	18,093,976		27,540	47,334	636,566
Bond Retired										-
Gain (loss) of Bond Refunding										-
Total Other Sources	109,875	1,211,989	4,889,017	3,779,259	10,516,277	17,040,848	100,000	723,728	47,334	633,766
Net Change in Fund Balance	3,749,643	(959,599)	198,197	(773,394)	4,014,871	(2,954,884)	(2,525,026)	107,627	(676,810)	1,628,192
Fund Balance Beginning of the Year	6,412,853	10,162,496	9,202,895	3,718,009	6,534,418	10,549,087	7,594,202	5,069,175	5,176,801	4,499,971
Prior Period Adjustment										168,195
Fund Balance End of Year	10,162,496	9,202,897	9,401,092	2,944,615	10,549,289	7,594,203	5,069,176	5,176,802	4,499,991	6,296,358
Debt Service as a percent of Non-Capital Expenditures	4.18%	47.23%	11.11%	27.20%	11.07%	2.20%	14.35%	17.57%	28.97%	19.70%

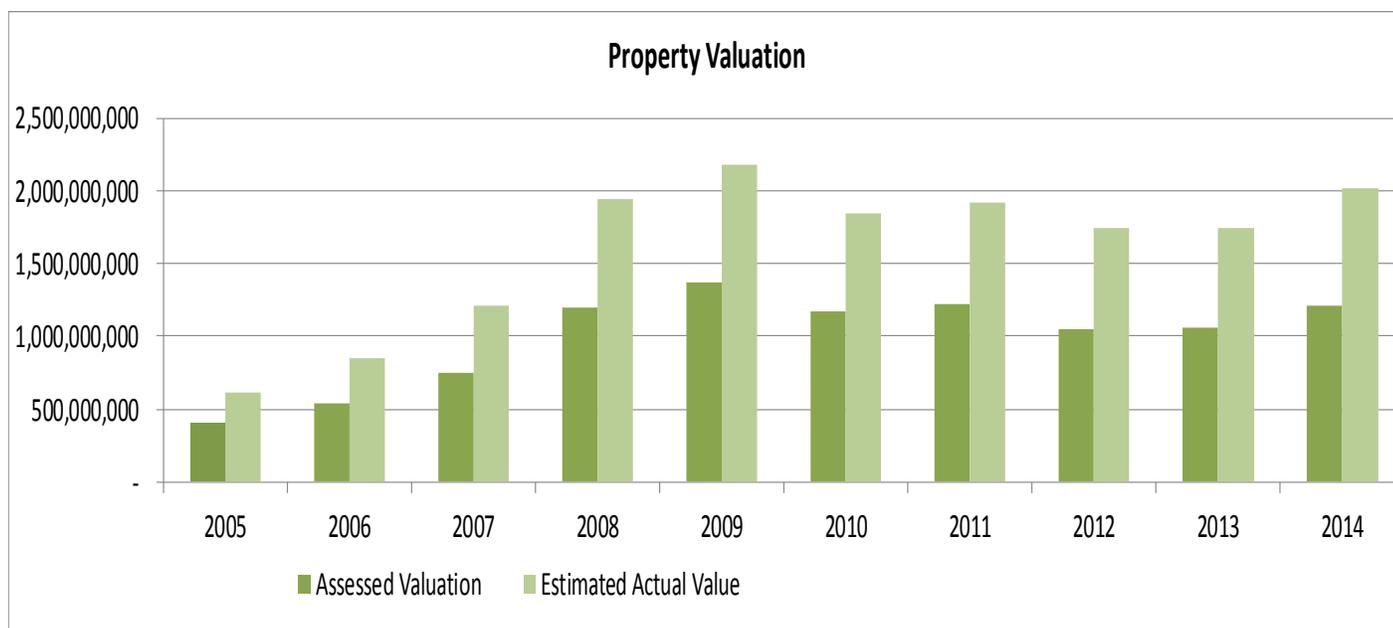
HERRIMAN CITY
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	Sales & Use Tax	Franchise Tax	Permits
2005	949,821	541,262	14,305	6,186,622
2006	1,226,248	961,596	25,838	4,999,339
2007	1,506,288	1,374,765	752,962	4,247,964
2008	265,030	1,742,167	885,281	1,558,870
2009	401,978	1,671,217	1,002,562	997,264
2010	471,777	1,815,621	840,196	2,243,076
2011	475,937	2,152,943	882,406	1,775,703
2012	490,937	2,462,552	910,908	2,622,217
2013	581,374	2,637,415	1,043,846	3,496,040
2014	678,146	2,644,745	1,466,102	3,799,173



HERRIMAN CITY
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years

Fiscal Year	Real Property						Personal Property	Motor Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Primary Residential	Secondary Residential	Commercial Property	Agricultural	Unimproved Land	Centrally Assessed						
2005	270,309,574	53,683,680	18,272,770	182,730	1,110,810	7,335,154	11,930,151	35,505,265	398,330,134	\$ 2.1170	619,492,513	0.642994267
2006	366,407,900	84,708,750	20,874,280	746,840	4,078,190	8,423,987	15,793,334	43,316,903	544,350,184	1.8820	844,138,466	0.644858878
2007	557,882,441	88,533,890	33,566,560	749,050	2,223,370	9,707,008	8,939,531	53,538,574	755,140,424	0.3020	1,211,589,694	0.623264153
2008	908,309,463	136,636,080	44,364,440	808,540	914,300	11,785,971	12,856,942	86,460,786	1,202,136,522	0.2960	1,945,298,810	0.617970111
2009	981,477,158	203,191,330	70,297,420	743,690	696,460	15,941,434	13,945,812	89,564,028	1,375,857,332	0.3710	2,178,884,098	0.631450445
2010	815,299,541	178,304,210	57,037,710	610,390	635,630	20,451,630	14,672,428	88,135,035	1,175,146,574	0.3760	1,842,209,835	0.6379005
2011	846,616,676	166,714,390	68,437,190	594,630	1,014,790	29,182,756	18,600,310	89,281,132	1,220,441,874	0.4180	1,913,128,245	0.637929986
2012	835,742,601	128,793,110	54,530,180	599,670	1,208,890	20,449,682	10,662,420	2,579,049	1,054,565,602	0.4350	1,738,355,003	0.606645708
2013	846,688,889	111,560,170	50,063,840	562,250	2,559,730	33,424,767	10,290,521	2,411,343	1,057,561,510	0.4180	1,750,306,965	0.604214879
2014	979,325,305	135,931,260	51,756,510	590,330	1,840,530	28,047,553	11,849,353	2,489,867	1,211,830,708	0.3840	2,013,096,867	0.601973372



Source: Utah Property Tax Division.

Note: Property tax in the county is assessed annually. The county assesses primary residences at approximately 55% of actual value with all other properties asses at 100%. Estimated actual value is calculated by dividing assessed value by those percentages. Tax rates listed are per \$1,000 of assessed value.

HERRIMAN CITY
PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
June 30, 2014

Direct		Overlapping Rates										
Fiscal Year	Herriman City	Salt Lake County			Jordan Valley					Jordan School District		Total Direct & Overlapping Rates
	General	General	Library	Unified Fire Service	Salt Lake Valley Law Enforcement	Water Conservancy District	South Valley Sewer	Central Utah Water Conservancy	South Salt Lake Mosquito Abatement	General	Debt Service	
2005	\$ 2.1170	\$ 2.6820	\$ 0.6960			\$ 0.4000	\$ 0.4730	\$ 0.4000	\$ 0.0310	\$ 8.6550		\$ 15.4540
2006	1.8820	2.3710	0.6170			0.3530	0.4070	0.3570	0.0270	7.3470		\$ 13.3610
2007	0.3020	1.9940	0.5170	1.3770		0.4000	0.3300	0.3020	0.0230	6.6170		\$ 11.8620
2008	0.2960	1.9340	0.4970	1.5660		0.3840	0.3210	0.2860	0.0220	6.1500		\$ 11.4560
2009	0.3710	2.2780	0.5640	1.9720		0.4000	0.3790	0.4000	0.0250	5.9800	1.4000	\$ 13.7690
2010	0.3760	2.5930	0.5830	1.9720		0.4100	0.3720	0.4210	0.0500	6.4585		\$ 13.2355
2011	0.4180	2.6960	0.6040	2.0280		0.4240	0.3990	0.4360	0.0520	7.3190		\$ 14.3760
2012	0.4350	2.7930	0.6270	2.0790	1.9990	0.4430	0.4070	0.4550	0.0210	7.3600		\$ 16.6190
2013	0.4180	3.1800	0.7550	2.1920	2.2300	0.4240	0.3960	0.4460	0.0210	7.1320		\$ 17.1940
2014	0.3840	3.0360	0.7150	2.0970	2.1450	0.3990	0.3710	0.4220	0.0200	6.7000		\$ 16.2890

Note: Overlapping rates are those of local and county governments that apply to property owners within Herriman City. All overlapping rates may not apply to all Herriman City property owners.

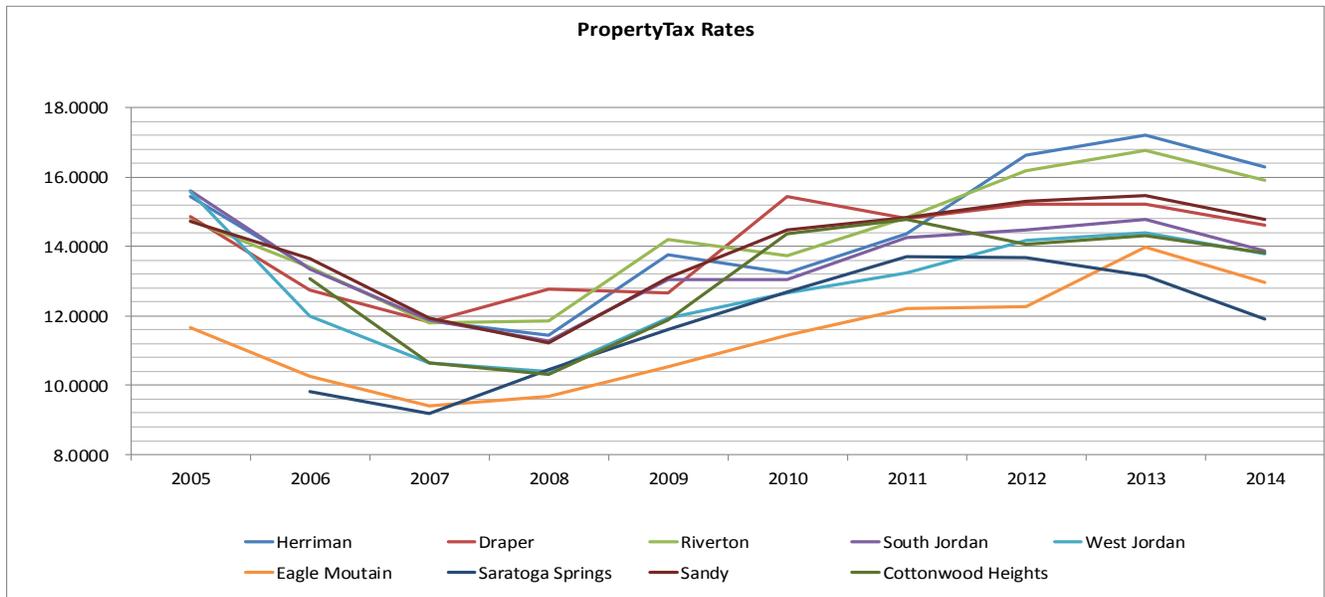
Tax rates listed are per \$1,000 of assessed value.

TOTAL DIRECT AND OVERLAPPING TAX RATES

	Herriman	Draper	Riverton	S Jordan	W Jordan	Eagle Mtn	Saratoga Springs	Sandy	Cottonwood Heights
2005	15.4540	14.8650	14.7520	15.6070	15.5830	11.6620		14.7190	
2006	13.3610	12.7530	13.3950	13.3530	11.9860	10.2490	9.8330	13.6460	13.0760
2007	11.8620	11.8390	11.7970	11.8910	10.6490	9.4020	9.1940	11.9310	10.6410
2008	11.4560	12.7820	11.8510	11.2930	10.3910	9.6780	10.4670	11.2210	10.3140
2009	13.7690	12.6650	14.2140	13.0540	11.9520	10.5440	11.6040	13.1080	11.9000
2010	13.2355	15.4380	13.7250	13.0310	12.6700	11.4450	12.6790	14.4640	14.3750
2011	14.3760	14.8200	14.8380	14.2620	13.2450	12.2260	13.7100	14.8430	14.7760
2012	16.6190	15.2210	16.1840	14.4820	14.1790	12.2750	13.6900	15.3150	14.0520
2013	17.1940	15.2200	16.7760	14.7940	14.3820	13.9760	13.1650	15.4720	14.3130
2014	16.2890	14.6200	15.9050	13.8730	13.7910	12.9560	11.9250	14.7940	13.8070

Source: Utah Division of Property Tax

HERRIMAN CITY
 PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 June 30, 2014



HERRIMAN CITY
 PRINCIPAL PROPERTY TAXPAYERS
 June 30, 2014

Taxpayer	2014			2005		
	Total Assessed Value	Rank	Percentage of Total Assessed Value	Total Assessed Value	Rank	Percentage of Total Assessed Value
Herriman Apartment Associates LLC	\$ 31,845,159	1	2.63%			
HTC Communities LLC	18,536,010	2	1.53%			
Miller Timbergate Apartments LLC	15,732,640	3	1.30%			
Terrameer LLC	13,598,830	4	1.12%			
Rosecrest Communities LLC	5,869,290	5	0.48%			
Smith's Food & Drug Centers Inc	5,556,800	6	0.46%	5,613,100	1	1.41%
Herriman Crossroads, LLC	5,354,200	7	0.44%			
Rosecrest Inc.	4,830,100	8	0.40%	4,981,020	2	1.25%
Herriman Springs Developers, LLC	4,448,910	9	0.37%			
Fort Herriman Crossing LLC	4,132,780	10	0.34%			
HV Commercial LLC				3,972,100	3	1.00%
Wagstaff Investments				2,570,500	4	0.65%
Cove at Herriman Springs LLC				2,477,500	5	0.62%
Herriman Storage LLC				2,095,366	6	0.53%
Lowell W Hamilton Properties, LC				2,078,962	7	0.52%
Total	\$ 109,904,719		9.07%	\$ 23,788,548		5.97%

Source: Salt Lake County Treasurer

HERRIMAN CITY
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years

Fiscal Year	Total Tax Levy for Fiscal Year	Collections within the Current Fiscal Year of Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	% of Levy	Amount	Amount	% of Levy
2005	\$ 1,044,260	\$ 986,925	94.51%	\$ 49,754	\$ 1,036,679	99.27%
2006	1,320,415	1,244,998	94.29%	-	1,244,998	94.29%
2007	336,932	308,754	91.64%	1,357	310,111	92.04%
2008	380,743	335,596	88.14%	28,254	363,850	95.56%
2009	403,281	369,937	91.73%	41,478	411,415	102.02%
2010	425,225	403,275	94.84%	22,843	426,118	100.21%
2011	439,283	422,443	96.17%	10,929	433,372	98.65%
2012	452,118	438,076	96.89%	18,651	456,727	101.02%
2013	480,442	463,843	96.55%	-	463,843	96.55%
2014	477,332	468,400	98.13%		468,400	98.13%

Source: Utah State Tax Commission

HERRIMAN CITY
RATIO OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years

Fiscal Year	Governmental Activities							Business-Type Activities			Percentage of		
	General Obligation Bonds	Excise Tax Bonds	Sales Tax Bonds	Revenue Bonds	Special Assessment Bonds	Purchase Agreement	Capital Leases	Water Bonds	Purchase Agreement	Capital Leases	Total Primary Government	Personal Income	Per Capita
2005				\$ 3,098,000			\$ 359,839	\$ 6,183,022		\$ 127,509	9,768,370	3.48%	\$ 870
2006			386,000	1,119,000			583,374	9,272,103		118,346	11,478,823	2.62%	737
2007			217,000	1,021,000		5,286,906	457,712	13,943,838		113,503	21,039,959	4.19%	1,231
2008						4,387,853	725,760	13,327,989		113,165	18,554,767	3.10%	1,028
2009			7,850,000			3,377,729	764,928	12,970,115		76,603	25,039,375	3.70%	1,363
2010			8,960,000		18,050,937	2,411,367	427,982	12,602,045		75,710	42,528,041	5.20%	1,952
2011			7,850,000		18,063,033	1,328,347	283,606	18,805,774		43,982	46,374,742	4.66%	1,819
2012			7,650,000		17,405,130		91,481	18,161,291	603,738	27,309	43,938,949	3.92%	1,610
2013			7,450,000		15,742,227	300,000	94,023	21,933,589	603,738	33,126	46,156,703	Not Available	\$ 1,558
2014			7,250,000		14,915,000	721,875	97,104	21,275,659	1,025,613	203,457	45,488,708	Not Available	\$ 1,476

HERRIMAN CITY
RATIO OF GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Less: Amounts Reserved for Debt Service	Total	Percentage of Personal Income	Per Capita
2005	\$ 9,281,022	\$ 355,690	8,925,332	3.18%	\$ 795
2006	10,777,103	211,986	10,565,117	2.42%	678
2007	15,181,838	333,821	14,848,017	2.96%	869
2008	13,327,989	132,332	13,195,657	2.21%	731
2009	20,770,006	499,079	20,270,927	2.99%	1,103
2010	38,502,982	1,874,688	36,628,294	4.48%	1,681
2011	44,718,807	2,204,317	42,514,490	4.27%	1,668
2012	43,216,421	2,661,278	40,555,143	3.62%	1,486
2013	45,125,816	2,088,052	43,037,764		1,453
2014	43,244,982	574	43,244,408		1,403

General bonded debt is all bond debt that is backed by the resources of the government.

HERRIMAN CITY
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
As of June 30, 2014

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Central Utah Water Conservancy District	\$ 757,644,412	2.60%	\$ 19,698,755
Jordan School District	78,942,076	12.50%	9,867,760
Jordan Valley Water Conservancy District	-		-
Salt Lake County	413,377,464	2.85%	11,798,085
South Valley Sewer District	114,212,142		-
Unified Fire Service Area	31,030,000	11.61%	3,602,208
Salt Lake Valley Law Enforcement	-		-
Sub-Total Overlapping Debt	<u>1,395,206,094</u>		<u>44,966,807</u>
Herriman City Direct Debt	<u>22,788,302</u>		<u>22,788,302</u>
Total Direct and Overlapping Debt	<u><u>\$ 1,417,994,396</u></u>		<u><u>\$ 67,755,109</u></u>

Note: The estimated percentage is based on relative assessed value.

HERRIMAN CITY
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
GOVERNMENTAL DEBT										
Debt Limit	\$ 15,933,205	\$ 21,774,007	\$ 30,205,617	\$ 48,085,461	\$ 55,034,293	\$ 47,005,863	\$ 48,817,675	\$ 42,182,624	\$ 42,302,460	\$ 49,148,140
Total Net Debt Applicable to Limit	3,098,000	1,505,000	1,238,000	-	7,799,891	25,900,937	25,913,033	25,055,130	23,192,727	21,969,323
Legal Margin	\$ 12,835,205	\$ 20,269,007	\$ 28,967,617	\$ 48,085,461	\$ 47,234,402	\$ 21,104,926	\$ 22,904,642	\$ 17,127,494	\$ 19,109,733	\$ 27,178,817
Total Net Debt Applicable to the Limit as a Percentage of										
Debt Limit	19.44%	6.91%	4.10%	0.00%	14.17%	55.10%	53.08%	59.40%	54.83%	44.70%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value										\$ 1,228,703,491
Add Back: Exempt Real Property										-
Total Assessed Value										<u>1,228,703,491</u>
Debt Limit										
General Debt 4%										<u>49,148,140</u>
Total Debt Limit										<u>49,148,140</u>
Debt Applicable to Limit:										
General Bonds										21,969,323
Less:										
Amount Set Aside for Repayment										<u>1,489,300</u>
Total Net Debt Applicable to Limit										<u>20,480,023</u>
Legal Debt Margin										<u><u>\$ 28,668,117</u></u>

BUSINESS-TYPE DEBT

Debt Limit	\$ 31,866,411	\$ 43,548,015	\$ 60,411,234	\$ 96,170,922	\$ 110,068,587	\$ 94,011,726	\$ 97,635,350	\$ 84,365,248	\$ 84,604,921	\$ 98,296,279
Total Net Debt Applicable to Limit	6,183,022	9,272,103	15,181,838	13,327,989	12,970,115	12,602,045	18,805,774	18,161,291	21,933,589	21,275,659
Legal Margin	\$ 25,683,389	\$ 34,275,912	\$ 45,229,396	\$ 82,842,933	\$ 97,098,472	\$ 81,409,681	\$ 78,829,576	\$ 66,203,957	\$ 62,671,332	\$ 77,020,620
Total Net Debt Applicable to the Limit as a Percentage of										
Debt Limit	19.40%	21.29%	25.13%	13.86%	11.78%	13.40%	19.26%	21.53%	25.92%	21.64%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed Value										\$ 1,228,703,491
Add Back: Exempt Real Property										-
Total Assessed Value										<u>1,228,703,491</u>
Debt Limit										
Water 8%										<u>98,296,279</u>
Total Debt Limit										<u>98,296,279</u>
Debt Applicable to Limit:										
Bonds										21,275,659
Less:										
Amount Set Aside for Repayment										<u>217,290</u>
Total Net Debt Applicable to Limit										<u>21,492,949</u>
Legal Debt Margin										<u><u>\$ 76,803,330</u></u>

HERRIMAN CITY
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Sales and Franchise Tax Bond								
Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	Principle	Interest	Total	Coverage
2005				- \$	- \$	-	-	n/a
2006				-	-	-	-	n/a
2007				-	-	-	-	n/a
2008				-	-	-	-	n/a
2009				-	-	-	-	n/a
2010				-	-	-	-	n/a
2011	3,035,349			3,035,349	-	383,796	383,796	7.91
2012	3,373,160			3,373,160	200,000	380,996	580,996	5.81
2013	3,681,261			3,681,261	200,000	375,071	575,071	6.40
2014	3,705,006			3,705,006	200,000	368,196	568,196	6.52

SAA Bond								
Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	Principle	Interest	Total	Coverage
2005				- \$	- \$	-	-	n/a
2006				-	-	-	-	n/a
2007				-	-	-	-	n/a
2008				-	-	-	-	n/a
2009				-	-	-	-	n/a
2010				-	-	-	-	n/a
2011	1,936,781			1,936,781	-	1,179,755	1,179,755	1.64
2012	1,153,013			1,153,013	870,000	785,894	1,655,894	0.70
2013	2,093,030			2,093,030	1,675,000	729,211	2,404,211	0.87
2014	2,788,813			2,788,813	1,035,000	705,654	1,740,654	1.60

Water Revenue Bonds								
Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	Principle	Interest	Total	Coverage
2005	\$ 1,425,997	\$ 818,948	\$ 1,351,996	892,949	\$ 377,788	183,584	561,372	1.59
2006	2,301,346	1,456,052	1,782,541	1,974,857	2,941,919	293,948	3,235,867	0.61
2007	3,231,084	1,899,357	2,903,381	2,227,060	217,265	76,213	293,478	7.59
2008	4,383,161		2,802,199	1,580,962	216,838	227,116	443,954	3.56
2009	6,028,765		2,461,768	3,566,997	348,128	457,119	805,247	4.43
2010	4,850,633		2,600,231	2,250,402	357,930	493,100	851,030	2.64
2011	5,529,050		3,113,821	2,415,229	381,271	557,560	938,831	2.57
2012	6,318,163		3,917,922	2,400,241	644,483	689,764	1,334,247	1.80
2013	7,953,077		4,267,088	3,685,989	642,702	846,076	1,488,778	2.48
2014	8,317,568		4,514,186	3,803,382	581,405	726,883	1,308,288	2.91

HERRIMAN CITY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population	Per Capita Income	Personal Income	Unemployment Rate
2005	11,226	24,977	280,391,802	5.10%
2006	15,584	28,061	437,302,624	4.10%
2007	17,087	29,406	502,460,322	2.90%
2008	18,051	33,142	598,246,242	2.60%
2009	18,371	36,878	677,485,738	3.60%
2010	21,785	37,538	817,765,330	6.90%
2011	25,490	39,081	996,174,690	6.80%
2012	27,291	\$ 41,038	1,119,968,058	6.00%
2013	29,617	Not Available	Not Available	5.00%
2014	30,816	Not Available	Not Available	3.50%

Note: Population is estimated based on utility service.

Source: Per capita income and unemployment rate were obtained from the Utah Department of Workforce Services.

HERRIMAN CITY
 PRINCIPAL EMPLOYERS
 Last Ten Fiscal Years

Employer	2014		2005	
	Employees	Rank	Employees	Rank
Butterfield Canyon Elementary	100-249	1		
Fort Herriman Middle School	100-249	2		
Herriman Elementary	100-249	3		
Herriman High School	100-249	4		
Providence Hall	100-249	5		
Smith's Food & Drug	100-249	6		Not Available
Multiple Employers	50-99	7		

Source: Utah Division of Workforce Services
 Utah Workforce Services does not provide specific numbers of employees, only ranges so percent of total employment is not reported. Additionally, employment data is not maintained by the State back prior to 2010.

HERRIMAN CITY
OPERATING INDICATORS BY FUNCTION
Last Ten Fiscal Years

Functional Areas	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government										
Administration/PIO	5.67	5.85	6.89	6.65	5.5	5.16	4.79	4.73	6.86	8.68
Communication										
Courts		0.09	1.23	1.23	1.22	1.7	1.77	1.78	1.76	1.7
Human Resources					1	1	1.26	1.47	1.5	1.52
Legal										
Recorder	1	1.5	1	1.05	1	1.02	1	1	1	1.31
Elected Officials	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Finance	1.17	1.57	1.83	2.99	2.89	2.69	2.77	3.01	2.43	2.6
Total Administration	9.34	10.51	12.45	13.42	13.11	13.07	13.09	13.49	15.05	17.31
Operations										
Facilities	0.85	1.07	1.94	1.55	1.89	1.89	2.85	2.65	2.53	3.4
Enforcement/Emergency Services					0.1	0.1	0.1	0.1	0.1	0.1
Fleet Management		0.39	0.83	2.11	2.14	2.22	2.29	2.26	2.28	2.18
Streets										
Street Maintenance	1.41	2.17	4.12	5.53	5.05	6.02	7.66	7.98	8.63	8.27
Storm Drain Maintenance	0.28	0.5	0.81	0.79	0.76	0.78	0.52	0.75	0.75	0.75
Street Signs			0.97	1	1	1	1	1	1	1
Community Events and Recreation		1.06	1.53	1.91	4.3	4.55	4.42	4.56	4.85	5.75
Parks/Cemetery	9.62	12.51	13.54	13.97	11.92	10.96	11.03	11.58	10.41	12.44
Arts & Cultural Development										
Total Operations	12.16	17.7	23.74	26.86	27.16	27.52	29.87	30.88	30.55	33.89
Planning & Development										
Building	4.15	5.89	7.06	7.28	3.92	4.93	4.16	4.04	4.63	4.75
Economic Development					0.12	0.5	0.5	0.5	0.25	0.75
Engineering	6.15	8.06	8.63	7.14	6.01	5.15	7.1	7.02	6.11	5.87
IT/GIS	1	1	1.33	3.21	3.16	4.03	4.1	4.58	5.95	5.55
Planning	0.93	2	3.92	3.7	3.27	3.51	3.71	3.94	3.25	3.26
Total Planning & Development	12.23	16.95	20.94	21.33	16.48	18.12	19.57	20.08	20.19	20.18
Water	5.07	7.88	8.66	9.86	10.01	10.02	9.45	9.75	12.88	12.06
Total Full-Time Equivalent Units	38.8	53.04	65.79	71.47	66.76	68.73	71.98	74.2	78.67	83.44

Note: Full Time Equivalent was calculated by taking total hours paid from the payroll and dividing by the fulltime equivalent hours of 2,080 per year.

INDEPENDENT AUDITORS' 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 City Council
Herriman City, Utah**

We have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of the Herriman City, Utah (the City), as of and for the year ended June 30, 2014, 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 31, 2014.

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) to determine the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings as items 2014-1 to 2014-5 that we consider to be significant deficiencies.

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 determination of financial statement amounts. 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 instances 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.

WSRP, LLC

Salt Lake City, Utah
December 31, 2014

**INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS,
INTERNAL CONTROL OVER COMPLIANCE, AND ON THE SCHEDULE OF
EXPENDITURES OF STATE AWARDS IN ACCORDANCE WITH THE
*STATE COMPLIANCE AUDIT GUIDE***

**Honorable Mayor and City Council
Herriman City, Utah**

Report on Compliance with General State Compliance Requirements and for Each Major State Program

We have audited the Herriman City's (the City) compliance with the applicable general state and major state program compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2014.

General state compliance requirements were tested for the year ended June 30, 2014 in the following areas:

Budgetary Compliance	Government Records Access Management Act
Fund Balance	Conflicts of Interest
Justice Courts	Open and Public Meetings Act
Utah Retirement Systems	
Transfers from Utility Enterprise Funds	

The City did not have any state funding classified as a major program during the year ended June 30, 2014.

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above and the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditors' Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a

direct and material effect on the City or its major program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on General State Compliance Requirements

In our opinion, Herriman City, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying schedule of findings and recommendations as items 14-1 through 14-3. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and recommendations. The City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City or on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and for each major state program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 detect and correct, noncompliance with a general state or major state program compliance requirement on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state or major state program 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 general state or major state program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention to those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of State Awards as Required by the *State Compliance Audit Guide*

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated December 31, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of state awards is presented for purposes of additional analysis as required by the *State Compliance Audit Guide* and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of state awards is fairly stated in all material respects in relation to the financial statements as a whole.

WSRP, LLC

Salt Lake City, Utah
December 31, 2014

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

HERRIMAN CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the year ended June 30, 2014

Financial Reporting Findings:

Finding 2014-1 – Accounting Policies and Procedures Manual

Finding: The City does not have a formal up-to-date accounting policies and procedures manual. Written procedures, instructions, and assignments of duties will prevent or reduce misunderstandings, errors, inefficient, duplicated or omitted procedures, and other situations that can result in inaccurate or untimely accounting records.

Recommendation: The City should prepare formal accounting policy and procedures which should be approved by City Council.

Management's Response: We agree, we have been working for several months to formalize our accounting policies. Each member of the accounting team are preparing policies and procedures for their particular assignments that will be compiled into a complete accounting manual.

Finding 2014-2 – Journal Entries Approval

Finding: During the audit, we noticed that the Finance Director initiates and posts journal entries to the general ledger. These journal entries are not independently reviewed and approved prior to or subsequent to posting. This may create a risk of misstatement of financial statements.

Recommendation: A management employee independent from accounting functions should review and approve all journal entries, including nonstandard/nonroutine entries, and obtain supporting documentation for them.

Management's Response: We agree, we have been making great effort to improve our receipting and disbursement processes to eliminate the need for most journal entries. We will initiate a review process that will become part of our regular internal controls.

Finding 2014-3 – Cash

Finding: A bank reconciliation is prepared by the Finance Director. However, there is no individual to review and approve the bank reconciliations. Without a timely review of bank reconciliations, the risk of financial statement misstatement may be increased.

Recommendation: A management employee independent from accounting functions should review and approve the monthly bank reconciliations in a timely manner.

Management's Response: We agree, this has been changed several months ago. The senior accountant is preparing the bank reconciliation on a monthly basis and they are reviewed by the finance director.

HERRIMAN CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the year ended June 30, 2014

Finding 2014-4 – Cash Disbursements

Finding: During our audit procedures, we noted that eight of 40 cash disbursements were not properly approved. In addition, documentation for one of 40 cash disbursements was not provided during the audit period. This may result in the payment of unauthorized or unqualified purchases.

Recommendation: Management approval should be documented on each disbursement. If the proper approval has not been given, the City should not process the payments. We also recommend that the City keep records of all cash disbursements.

Management's Response: We agree, we have instituted a procedure where all disbursements are reviewed and signed off on by the Treasurer, Senior Accountant and the Finance Director. A complete list of these expenditures are then given to the City Manager for review before the signed document is given to the Recorder to become a permanent record of the City.

Finding 2014-5 – Payroll Processes

Finding: We noted that the Senior Accountant, who processes payroll, the HR manager, who enters payroll information to the system, and the Finance Director, who prepares monthly financial statements, have access to change the payroll records. This may increase the risk of changing payroll records without proper approval or verification. In addition, we discovered that two of 25 approval notices of employees' wage rates were not found during the audit period. This may result in compensating employees at unauthorized pay rates.

Recommendation: Only the HR manager should have the access to modify employee information in the payroll system. Furthermore, management should keep a record of all wage rates for all employees.

Management's Response: We agree, we made this change a couple of months ago. All changes are made by the HR manager and review by the Director of Administration and Communications.

HERRIMAN CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the year ended June 30, 2014

State Legal Compliance Findings:

Finding 14-1 – Budgetary Compliance

Finding: Utah Code 10-6-117 requires that the city officers may not make or incur expenditures in excess of total appropriations for any department or fund in the budget as adopted or as subsequently amended. For the year ended June 30, 2014, expenditures for the Herriman Towne Center Fund, Park Impact Fee Fund, and Capital Projects Fund exceeded the budgeted appropriations in the amount of \$1,763,000. This was caused by additional revenue available during the year from different sources. However, the budget was not amended timely to reflect the change.

Recommendation: The City Administrator should monitor the fund expenditures on a regular basis and compare them to the approved budget. The Council should amend the budget whenever necessary to ensure compliance with the State Code.

Management's Response: We agree, special consideration should be given to unordinary income. The Towne Center project pays out what it takes in each year so the amounts must be monitored to make sure that we do not exceed budgeted amounts. We will continue to monitor the budget to make sure that we do not exceed authorizations.

Finding 14-2 – Interfund Transfers

Finding: According to GASB Codification 1800.102, interfund services provided and used between governmental and proprietary funds should be reported as revenues in seller funds and expenditures or expenses in purchaser funds. Unpaid amounts should be reported as interfund receivables and payables in the fund balance sheets or fund statements of net position. For the year ended June 30, 2014, the City did not record such interfund transfers between governmental and proprietary funds.

Recommendation: The City should track the sales and purchases of goods and services provided among different funds on a timely basis and record the receivables and payables accordingly. Otherwise the City Council should include the interfund transfers in the budget or hold a public hearing and provide written notices as requested by Utah Code 10-6-135.

Management's Response: We agree, the City is aware of this deficiency and are working on a procedure to deal with these costs. We have completed preliminary calculations on the cost of water/and the cost of administration and believe that the costs will nearly offset. In the future we will report these costs between the water fund and administration in our financial statements.

HERRIMAN CITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
For the year ended June 30, 2014

Finding 14-3 – Monthly Financial Reports

Finding: Utah Code 10-6-148 requires that monthly summary financial reports, prepared in the manner prescribed in the Uniform Accounting Manual for Utah Cities, be presented to the governing body. We noted that certain monthly financial reports were not presented to the City Council during the audit period.

Recommendation: We recommend that a delegated person present the monthly financial reports to the Council subsequent to each month end and document such activities in writing such as including it in the Consent Calendar.

Management's Response: We agree, the Finance Director will be designated to provide a monthly update to the Council. We will do this update in a regular meeting so that it will be included in the minutes.