A scenic landscape photograph of Herriman, Utah. The foreground is dominated by a lush green lawn. In the middle ground, a calm pond reflects the sky and surrounding greenery, bordered by a stone retaining wall. Beyond the pond, a golf course with various trees and a path is visible. The background features a range of mountains under a clear blue sky, with some peaks covered in snow. The overall scene is bright and clear, suggesting a sunny day.

# HERRIMAN, UTAH

COMPREHENSIVE ANNUAL FINANCIAL REPORT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2015



Prepared by:

**Alan W. Rae**  
**Finance Director**

**Comprehensive Annual Financial Report  
Table of Contents  
For the Fiscal Year Ended June 30, 2015****INTRODUCTORY SECTION**

Letter of Transmittal .....	5
Organizational Chart .....	10
Elected Officials.....	11

**FINANCIAL SECTION**

Independent Auditors' Report .....	13
Management's Discussion and Analysis.....	16
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	27
Statement of Activities .....	28
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds .....	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	31
Statement of Net Position – Proprietary Fund-Water Fund.....	32
Statement of Revenues, Expenditures, and Changes in Net Position – Proprietary Fund-Water Fund .....	33
Statement of Cash Flows – Proprietary Fund-Water Fund.....	34
Statement of Net Position – Fiduciary Funds .....	35
Statement of Changes in Net Position – Fiduciary Funds.....	36
Notes to the Financial Statements.....	37
Required Supplemental Information	
Statement of Revenues, Expenditures, and Changes in Fund Balances –Budget and Actual – General Fund .....	63
Statement of Revenues, Expenditures, and Changes in Fund Balances– Budget and Actual –Herriman Towne Center CDA/SAA Fund.....	65
Schedule of the Proportionate Share of the Net Pension Liability .....	66
Schedule of Pension Contributions .....	67
Notes to Required Supplementary Information .....	68
Supplemental Information	
Combining Statements:	
Combining Balance Sheet—Non-Major Governmental Funds .....	72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –Non-Major Governmental Funds	73
Statement of Changes in Assets and Liabilities – Agency Fund .....	74

**Comprehensive Annual Financial Report  
Table of Contents  
For the Fiscal Year Ended June 30, 2015**

Budgetary Comparison Schedules

Schedules of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:

Herriman Parkway Fund .....	76
Herriman Towne Center-City Hall .....	77
Public Safety Fee Fund .....	78
Debt Service Fund .....	79
Park Impact Fee Fund .....	80
Road Impact Fee Fund .....	81
Storm Drain Fee Fund .....	82
Street Sign Fee Fund .....	83
Street Light Fee Fund .....	84
Capital Projects Fund .....	85

**STATISTICAL SECTION: (UNAUDITED)**

Financial Trends

Net Position by Component .....	88
Changes in Net Position .....	89
Fund Balances of Governmental Funds .....	92
Changes in Fund Balances of Governmental Funds .....	94

Revenue Capacity

Governmental Activities Revenues by Source .....	97
Assessed Value of Estimated Actual Value of Taxable Property .....	98
Property Tax Rates – Direct and Overlapping Governments .....	99
Principal Property Taxpayers .....	101
Property Tax Levies and Collections .....	102
Sales Tax Rates – Direct and Overlapping Governments .....	103
Sales Tax Distribution .....	104
Principal Sales Taxpayers .....	105
Franchise Tax Revenue .....	106

Debt Capacity

Ratios of Outstanding Debt by Type .....	107
Direct and Overlapping Governmental Activities Debt .....	108
Legal Debt Margin Information .....	109
Pledged Revenue Coverage .....	110

Demographic and Economic Information

Demographics and Economic Statistics .....	111
Principal Employers .....	112

Operational Information

Full-Time Equivalent Units .....	113
Operating Indicators .....	114

**Comprehensive Annual Financial Report  
Table of Contents  
For the Fiscal Year Ended June 30, 2015**

**FEDERAL AND STATE AUDIT REPORTS:**

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 ..... 116

Independent Auditors’ Report in Accordance with the State Compliance Audit Guide on Compliance  
with General State Compliance Requirements, Compliance for Each Major State Program, Internal  
Control over Compliance, and on the Schedule of Expenditures of State Awards ..... 118

Schedule of Expenditures of State Awards ..... 122

Findings & Responses..... 123





November 17, 2015

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, 2015.

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, 2015.

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. Hansen, Bradshaw, Malmrose & Erickson, PC, 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, 2015 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, 2015, 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.

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 777 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
Director of Financial Services	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. One time money associated with building and construction continues to be a major source of revenue for the City. However, commercial enterprises are taking notice of the growth and we are beginning to see new interest in the City.

We have experienced tremendous growth in sales and franchise taxes in recent years. Fiscal year 2013, sales tax grew by 7.3% while we saw 10.9% and 12.1% increases in fiscal years 2014 and 2015 respectively. Franchise taxes increased 12.32% in 2013 and 5.01% and 5.70% in 2014 and 2015 respectively. Property taxes received by the City are very small and do not represent a significant source of revenue.

During fiscal year 2015 the largest new commercial enterprise to open in the city was the WalMart Neighborhood Market. We have not seen the full effects of this new and many other new businesses that have opened in this past year. WalMart has also announced their intention to build a Super Store in the City limits. This marks a significant development for the City as the expected sales tax increase of this store alone will be in excess of a million and a half dollars per year. Surrounding the WalMart Super Store will be a fifty acre commercial development.

Plans are well underway for the Herriman Towne Center which will include a new city hall, park and commercial center. This development is expected to be a gathering place for the community including potentially an amphitheater, ice rink and splash pad in addition to a new commercial development.

Building construction continues to be very strong providing a significant flow of revenue from licenses and permits as well as impact fees for capital projects. After a weak construction period from 2009 to 2011 we have experienced growth in building permits of 47.67%, 33.32%, 8.67% and 14.30% for years 2012, 2013, 2014, and 2015 respectively.

The City continues to pursue commercial development to stabilize the City finances and move reliance away from the one time money provided by the construction industry.

## **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 20.8% of 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](http://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.

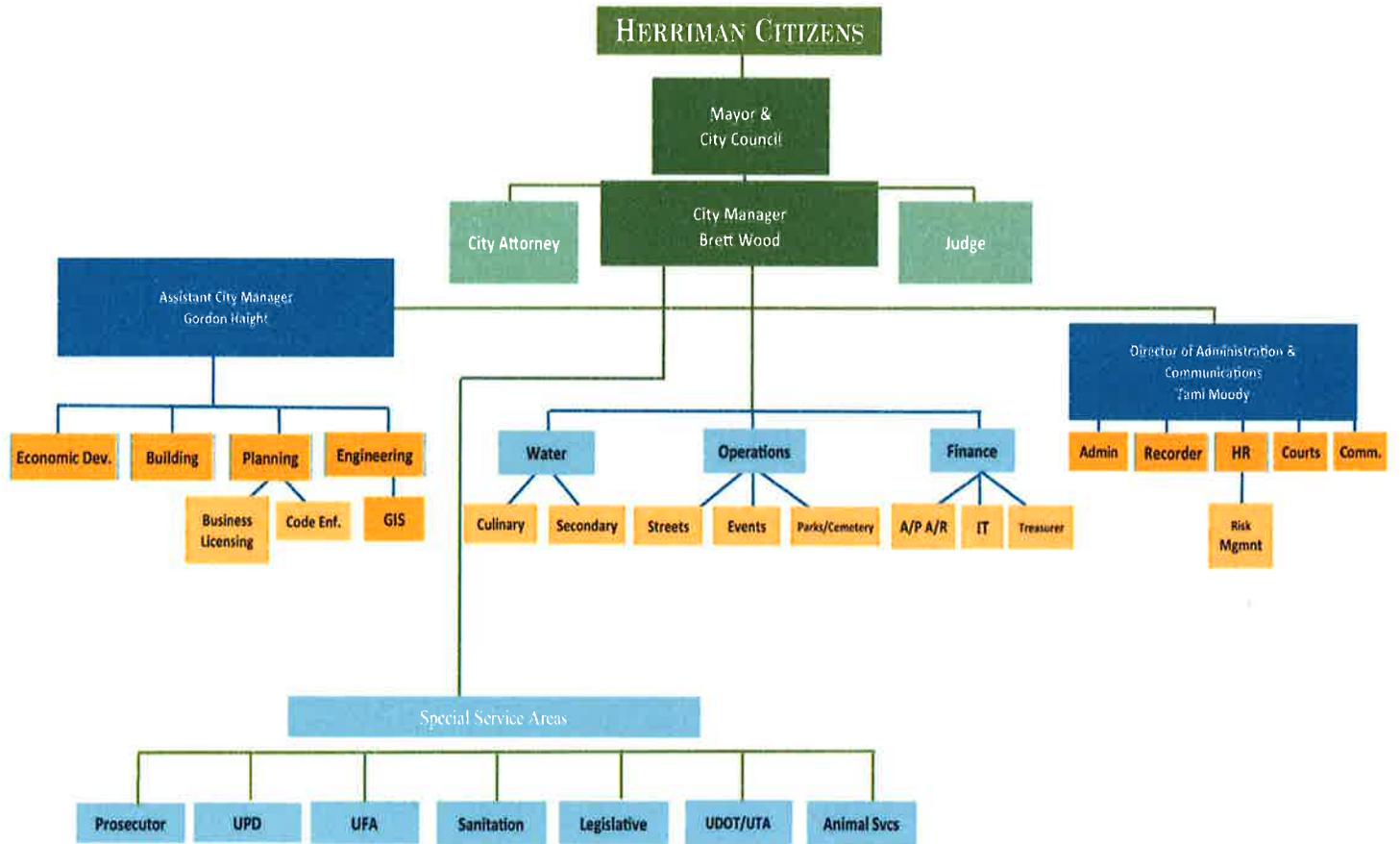
Sincerely,



Alan W. Rae  
Finance Director



Brett Wood  
City Manager



## Elected Officials



**Mayor Carmen Freeman**



**Matt Robinson**



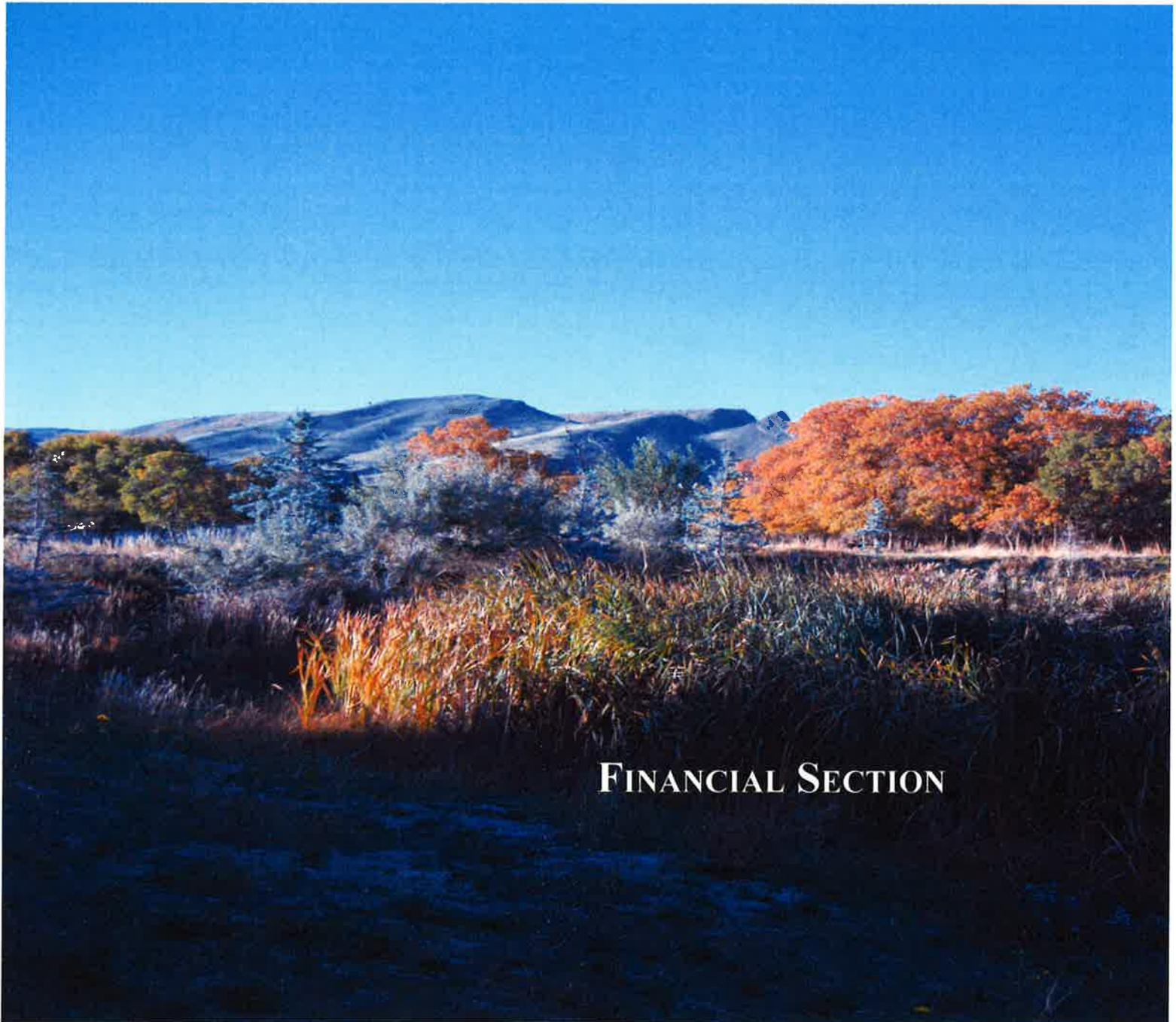
**Coralee Wessman-Moser**



**Craig Tischner**



**Mike Day**



## FINANCIAL SECTION

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

CERTIFIED PUBLIC ACCOUNTANTS

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American Institute  
of Certified Public  
Accountants

Members of the  
Private Company  
Practice Section

## INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Members of the 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, 2015, 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*

The City's 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 auditor considers 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 Herriman City, Utah, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof 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 on pages 16-25, budgetary comparison information on pages 63-65, and the pension schedules on page 66-68 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 combining and individual nonmajor fund financial statements, budgetary comparison information, and the introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison information 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 and individual nonmajor fund financial statements and budgetary comparison information 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 November 12, 2015 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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 12, 2015

## MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2015

This narrative overview and analysis is presented for readers of Herriman City's financial statements for the fiscal year ended June 30, 2015. It contains an overview and analysis of the financial position and results of operation as of and for the twelve months ended June 30, 2015. 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 2015 by \$226,662,971 (net position). Of this amount, \$17,134,841 (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 \$9,978,174 for the current year.
- As of the close of the 2015 fiscal year, Herriman City's governmental funds reported combined ending fund balances of \$8,561,709 with approximately 28% of this total amount, \$2,423,686 in the General Fund. Of the combined total fund balance, \$2,423,686 is available for spending at the discretion of the City (unrestricted and unassigned fund balance).
- At the end of the current fiscal year, the fund balance for the general fund was \$2,423,686 or 20.6% 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 revenues exceeded general fund expenditures including transfers by \$768,471. Increasing fund balance from \$1,655,215 to \$2,423,686.
- Total debt of Herriman City is \$44,309,081.

### **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 *governmental 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 \$226,662,971 at the close of fiscal year 2015, an increase of \$9,978,174 from the close of fiscal year 2014.

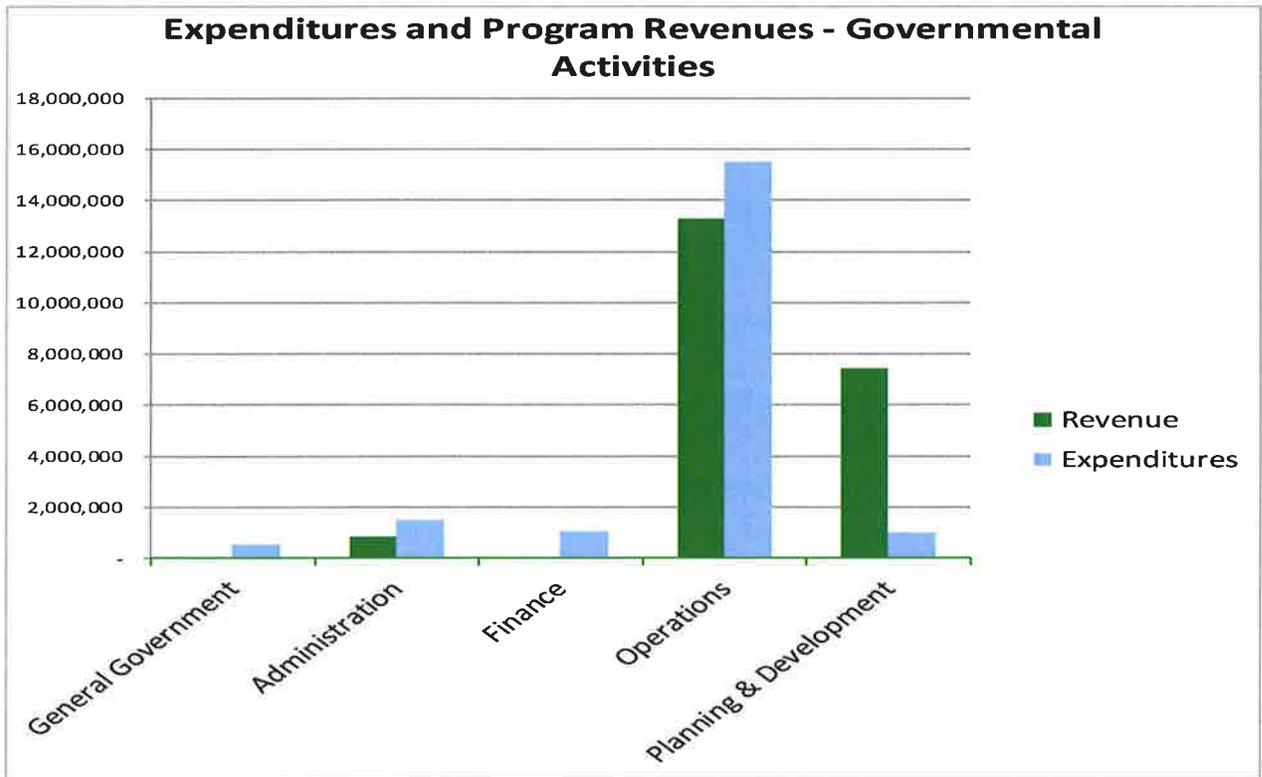
By far the largest portion of Herriman City's net position (89.3%) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. Herriman City uses these capital assets to provide services to citizens; consequently, 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	
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015
Current Assets	\$ 8,478,431	\$ 6,959,800	\$ 9,570,925	\$ 3,347,999	\$ 18,049,356	\$ 10,307,799
Non-Current Assets	14,540,518	16,936,037	-	4,775,866	14,540,518	21,711,903
Capital Assets	167,685,021	171,077,741	64,863,621	71,905,728	232,548,642	242,983,469
Total Assets	190,703,970	194,973,578	74,434,546	80,029,593	265,138,516	275,003,171
Deferred Outflows of Resources	-	347,639	-	65,952	-	413,591
Current Liabilities	3,014,544	2,449,561	2,200,774	2,427,160	5,215,318	4,876,721
Non-Current Liabilities	21,781,433	21,084,360	21,646,567	22,568,433	43,428,000	43,652,793
Total Liabilities	\$ 24,795,977	\$ 23,533,921	\$ 23,847,341	\$ 24,995,593	\$ 48,643,318	\$ 48,529,514
Deferred Inflows of Resources	-	188,513	-	35,764	-	224,277
Net Position						
Net Investment in Capital Assets	144,896,719	150,315,489	41,063,383	52,043,316	185,960,102	202,358,805
Restricted	2,095,590	2,393,934	7,742,702	4,775,391	9,838,292	7,169,325
Unrestricted	18,915,684	18,889,360	1,781,121	(1,754,519)	20,696,805	17,134,841
Total Net Position	\$ 165,907,993	\$ 171,598,783	\$ 50,587,206	\$ 55,064,188	\$ 216,495,199	\$ 226,662,971

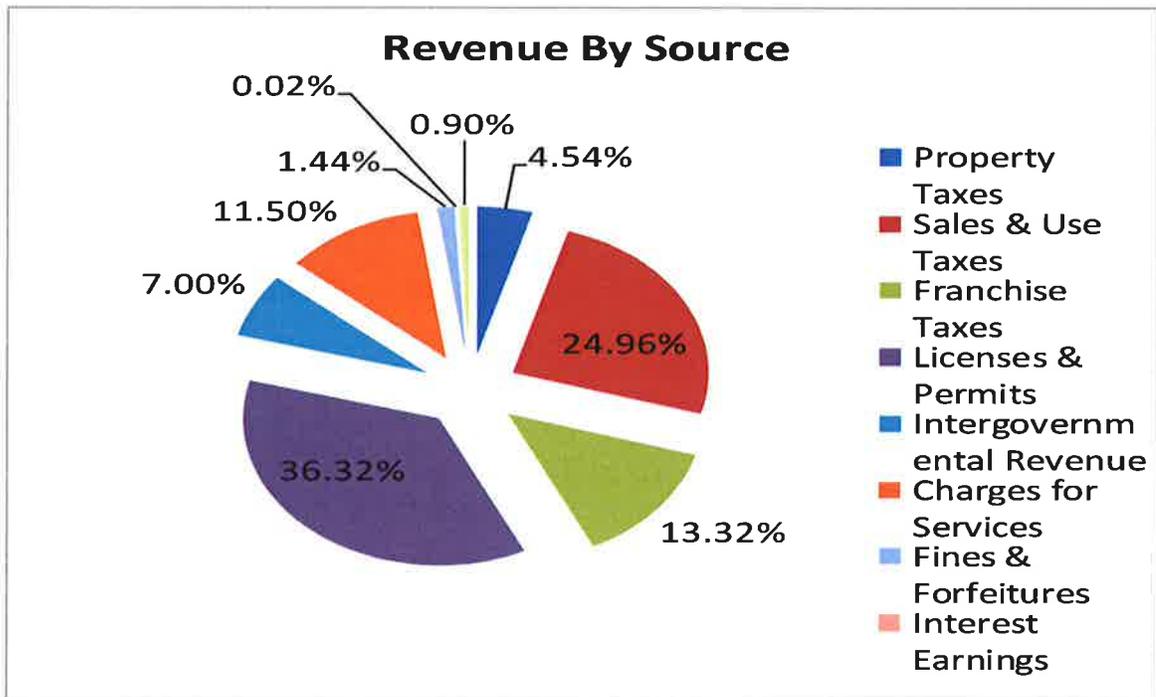
	Herriman City Change in Net Position					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015
<b>Program Revenues</b>						
Charges for Services	\$ 5,179,905	\$ 5,961,991	\$ 5,929,877	\$ 6,721,742	\$ 11,109,782	\$ 12,683,733
Operating Grants and Contributions	785,409	-	-	-	785,409	-
Capital Grants and Contributions	7,769,118	15,587,667	4,047,629	5,269,711	11,816,747	20,857,378
<b>General Revenues</b>						
Property Tax	678,146	598,403	-	-	678,146	598,403
Sales Tax	2,644,745	2,983,126	-	-	2,644,745	2,983,126
Franchise Tax	1,466,102	1,591,785	-	-	1,466,102	1,591,785
Gain from the Sale of Assets	41,001	245,428	-	31,998	41,001	277,426
Investment Earnings	97,479	14,859	32,791	41,106	130,270	55,965
<b>Total Revenue</b>	<b>18,661,905</b>	<b>26,983,259</b>	<b>10,010,297</b>	<b>12,064,557</b>	<b>28,672,202</b>	<b>39,047,816</b>
<b>Expenses</b>						
General Government Administration	-	557,998	-	-	-	557,998
Finance	2,170,656	1,499,399	-	-	2,170,656	1,499,399
Operations	-	1,055,781	-	-	-	1,055,781
Planning & Development	14,941,796	15,504,607	-	-	14,941,796	15,504,607
Interest on Long Term Debt	2,510,679	2,147,816	-	-	2,510,679	2,147,816
Water	1,003,028	1,009,575	-	-	1,003,028	1,009,575
	-	-	7,522,502	7,294,466	7,522,502	7,294,466
<b>Total Expenses</b>	<b>20,626,159</b>	<b>21,775,176</b>	<b>7,522,502</b>	<b>7,294,466</b>	<b>28,148,661</b>	<b>29,069,642</b>
<b>Increase (Decrease) in Net Position</b>	<b>(1,964,254)</b>	<b>5,208,083</b>	<b>2,487,795</b>	<b>4,770,091</b>	<b>523,541</b>	<b>9,978,174</b>
Net Position, Beginning	167,146,767	165,907,993	47,922,749	50,587,206	215,069,516	216,495,199
Prior Period Adjustment	725,480	482,707	176,662	(293,109)	902,142	189,598
<b>Net Position, Ending</b>	<b>\$ 165,907,993</b>	<b>\$ 171,598,783</b>	<b>\$ 50,587,206</b>	<b>\$ 55,064,188</b>	<b>\$ 216,495,199</b>	<b>\$ 226,662,971</b>

**Governmental activities.** Governmental activities increased Herriman City's net position by \$5,690,790 net of prior period adjustment. With a great deal of development going on in the City we were the beneficiary of \$7,643,865 in non-current assets contributed by developers. Revenue increased by \$8,321,354 which is also related in large portion to the growth in building permits and impact fees. It should be noted that both sales and franchise tax grew significantly as well with \$338,381 and \$125,683 respectively. The overall expenditures of the governmental activities increased by 5.6% compared to fiscal year 2014.

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

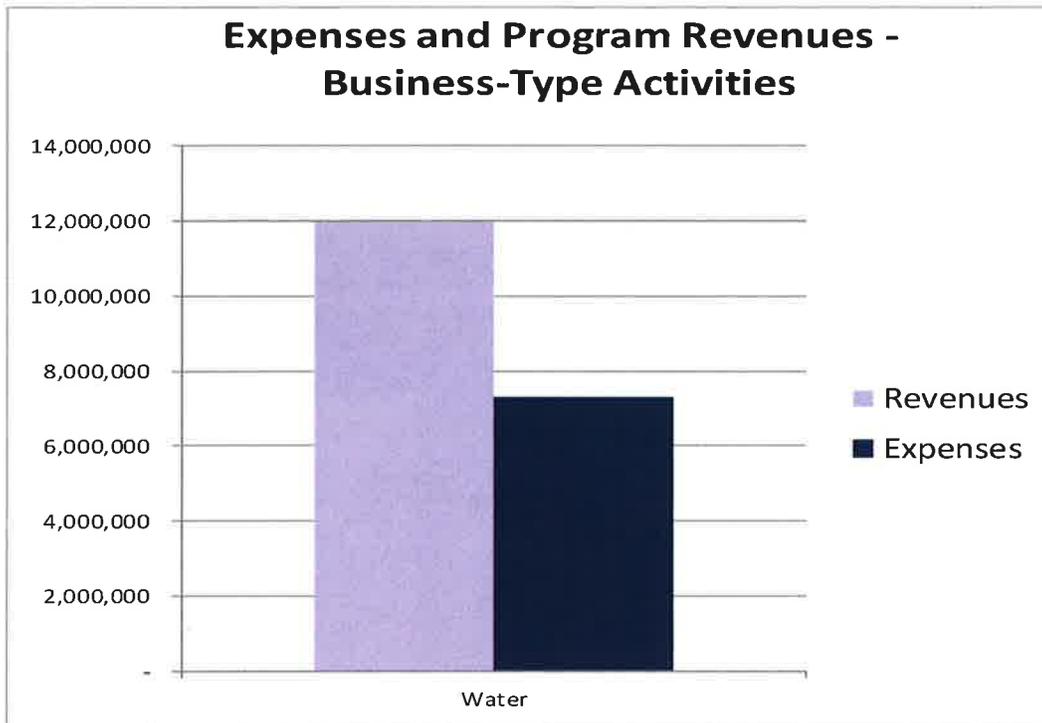


The following graph shows the source of the general fund revenues detailed in the financial statements.



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.

**Business-type activities.** Business-type activities increased Herriman City's net position by \$4,476,982 net of prior period adjustment. The increases were primarily due to new services and impact fees on new construction. 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.

**Governmental 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 \$8,561,709, an increase of \$2,265,352 in comparison with the prior year. The general fund accounts for \$768,471 of the increase, seeing great growth in sales and franchise tax as well as growth in building related licenses and permits. The balance of the growth is related to increases in impact fees and special assessment payments.

The general fund is the chief operating fund of Herriman City. At the end of the 2015 fiscal year, the fund balance of the general fund was \$2,423,686. 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 20.6% of total budgeted general fund revenues.

Other governmental funds (including the Herriman Towne Center CDA/SAA fund, Herriman Parkway, Herriman Towne Center, 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 \$6,138,023 all of which is assigned or restricted 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 (\$1,754,519).

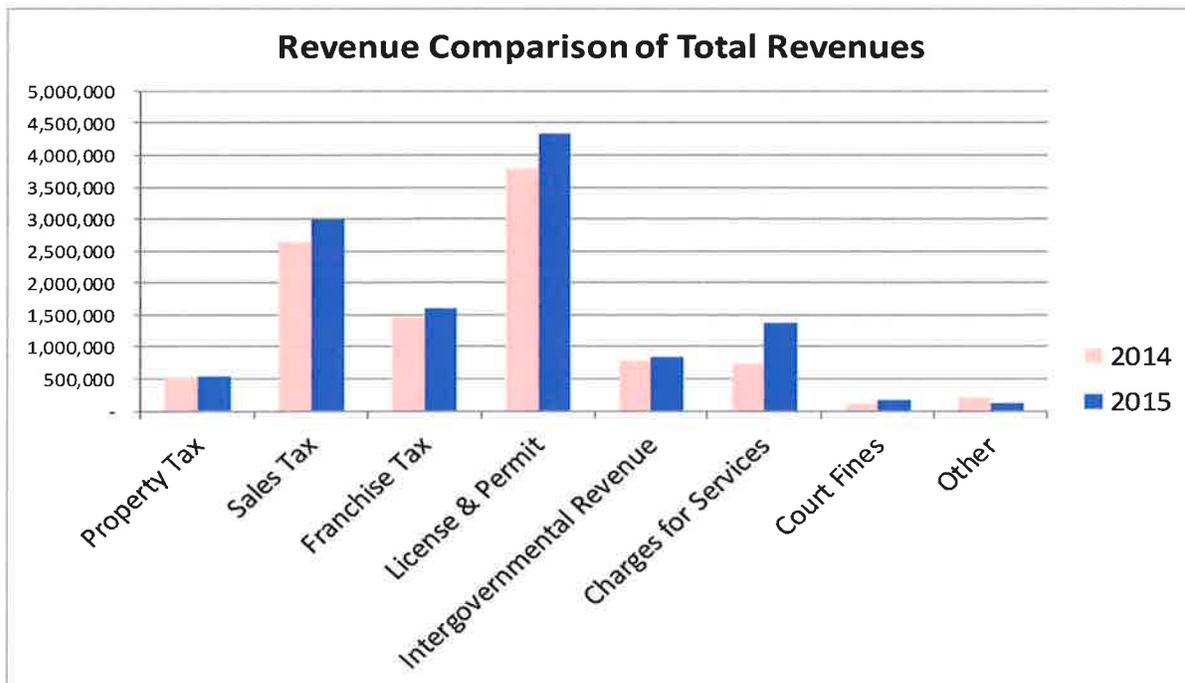
### Governmental Funds Highlights

FYE 2015 budget reflected an improving economy with growth related revenue beginning to rebound.

Adjusted revenues include the following:

- Increase in sales tax of \$338,381
- Increase in franchise tax of \$125,683
- Licenses & permits increased by \$543,361
- Herriman Towne Center revenue increased by \$1,069,535
- Park impact fee revenue decreased by \$41,103.27
- Road impact fee revenue increased by \$593,785
- Storm drain special revenue fees decreased \$98,192
- Street sign special revenue fees decreased by \$49,910
- Street light special revenue fees increased by \$64,850

The following graph shows changes in revenue between 2014 and 2015 as a percent of total revenue.



During the year general fund revenues exceeded expenditures by \$1,512,869 before other financing sources and by \$768,471 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, 2015, amounts to \$242,983,469 (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 and work in progress. More detail on capital assets can be found in the Note 5 Capital Assets on pages 46-47 of the financial statements.

	Herriman City Net Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015
Land and Water Rights	\$ 67,648,506	\$ 72,177,138	\$ 11,867,931	\$ 13,488,921	\$ 79,516,437	\$ 85,666,059
Construction in Progress	2,466,904	209,156	2,943,886	5,754,645	5,410,790	5,963,801
Buildings	4,338,685	4,148,599	45,017	43,557	4,383,702	4,192,156
Improvements	92,357,400	93,220,177	-	-	92,357,400	93,220,177
Automobiles & Trucks	243,765	461,532	245,445	248,053	489,210	709,585
Machinery & Equipment	629,761	861,139	151,405	115,375	781,166	976,514
Infrastructure	-	-	49,609,937	52,255,177	49,609,937	52,255,177
<b>Total Capital Assets</b>	<b>\$ 167,685,021</b>	<b>\$ 171,077,741</b>	<b>\$ 64,863,621</b>	<b>\$ 71,905,728</b>	<b>\$ 232,548,642</b>	<b>\$ 242,983,469</b>

FYE 2015 major programs and projects include:

- 5600 West Street
- 6600 West Street
- Asphalt Trails
- Purchase of real estate for tank property and secondary water reservoir
- ADA ramps at Butterfield Park
- Cemetery Improvements

**Long-term debt.** At year-end the City had \$44,309,081 in bonds and notes outstanding—a decrease of 2.9% from 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 48-51 and Note 7 Capital Leases on page 52 of the financial statements.

**Herriman City's Long Term Debt**

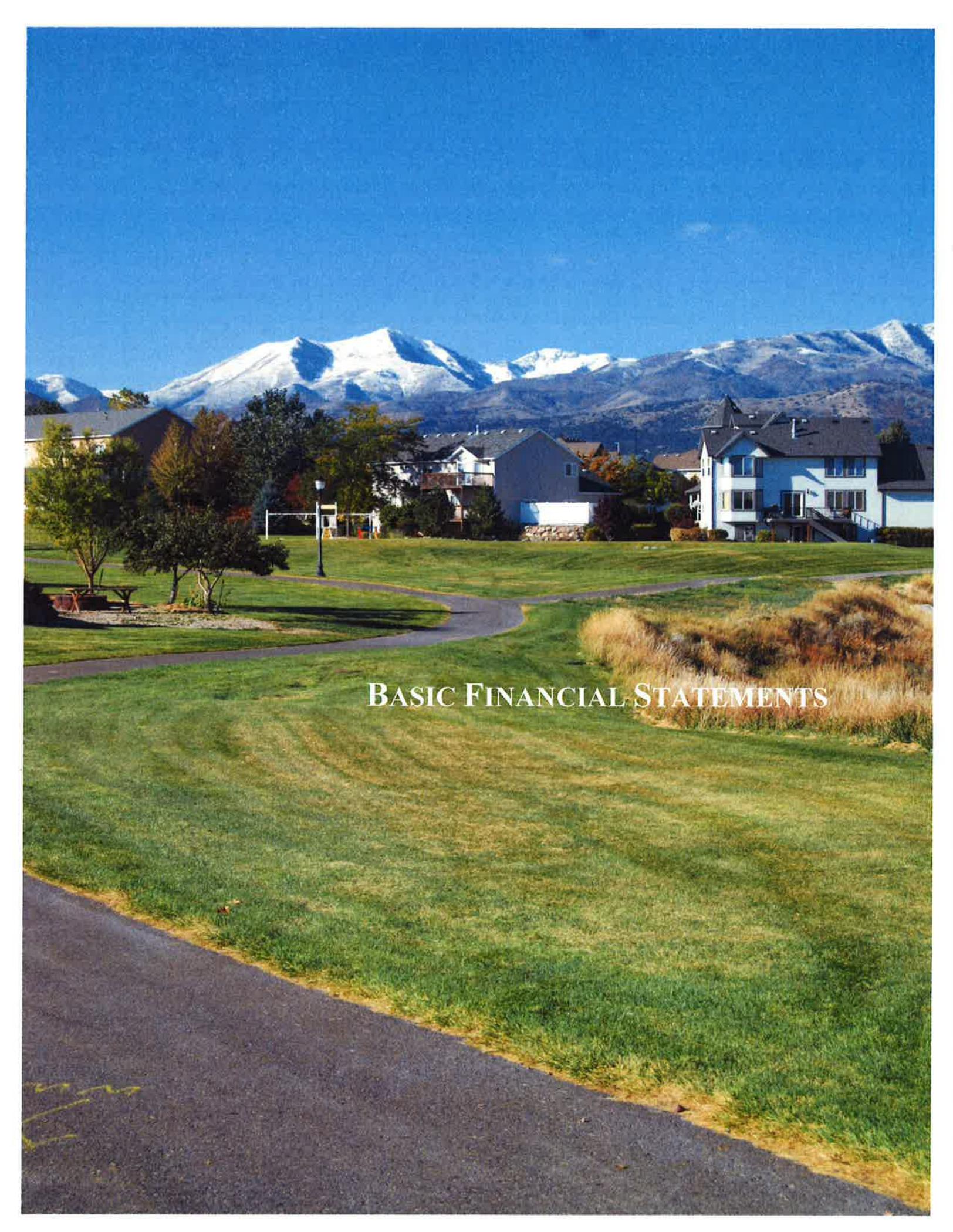
	Governmental Activities		Business-Type Activities		Total	
	6/30/2014	6/30/2015	6/30/2014	6/30/2015	6/30/2014	6/30/2015
Capital Leases	97,104	344,583	203,457	198,068	300,561	542,651
Purchase Agreements	721,875	581,250	421,875	281,250	1,143,750	862,500
Revenue Bonds	21,969,323	19,836,419	21,275,659	22,652,212	43,244,982	42,488,631
Other Debt	-	-	603,738	56,413	603,738	56,413
Compensated Absences	309,507	305,474	47,102	53,412	356,609	358,886
	<b>\$ 23,097,809</b>	<b>\$ 21,067,726</b>	<b>\$ 22,551,831</b>	<b>\$ 23,241,355</b>	<b>\$ 45,649,640</b>	<b>\$ 44,309,081</b>

**Economic Factors and Next Year's Budgets and Rates**

- Population growth, as measured by building permit issuance, is estimated to be 4% for FYE 2015.
- 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 or Alan Rae, Herriman City Finance Director, 13011 S Pioneer St, Herriman City, Utah, 84096 or via e-mail [bwood@Herriman.org](mailto:bwood@Herriman.org).



**BASIC FINANCIAL STATEMENTS**

**HERRIMAN CITY, UTAH**  
**STATEMENT OF NET POSITION**  
**June 30, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total</b>
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash & Cash Equivalents	\$ 4,075,795	\$ 2,827,579	\$ 6,903,374
Receivables			
Property, Franchise and Excise Taxes	1,355,091	-	1,355,091
Special Assessment Receivable	1,405,000	-	1,405,000
Accounts Receivable	123,914	362,754	486,668
Inventory	-	157,666	157,666
Total Current Assets	<u>6,959,800</u>	<u>3,347,999</u>	<u>10,307,799</u>
<b>NONCURRENT ASSETS</b>			
Restricted Cash and Cash Equivalents	4,284,022	4,775,391	9,059,413
Net Pension Asset	2,504	475	2,979
Long Term Receivable Special Assessments	12,649,511	-	12,649,511
Property and Equipment, net			
Land & Water Rights	72,177,138	13,488,921	85,666,059
Construction in Progress	209,156	5,754,645	5,963,801
Buildings	4,148,599	43,557	4,192,156
Machinery and Equipment	861,139	115,376	976,515
Autos & Trucks	461,532	248,053	709,585
Improvements Other than Buildings	93,220,177	52,255,176	145,475,353
Total Noncurrent Assets	<u>188,013,778</u>	<u>76,681,594</u>	<u>264,695,372</u>
<b>TOTAL ASSETS</b>	<u>194,973,578</u>	<u>80,029,593</u>	<u>275,003,171</u>
<b>DEFERRED OUTFLOW OF RESOURCES</b>			
Deferred Outflows of Resources Related to Pensions	347,639	65,952	413,591
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	767,997	1,133,493	1,901,490
Current Compensated Absences	200,000	35,000	235,000
Current Purchase Agreement	140,625	140,625	281,250
Capital Leases (Less than One Year)	125,410	75,505	200,915
Bonds Payable (Less than One Year)	967,904	696,986	1,664,890
Accrued Interest	247,625	345,551	593,176
Total Current Liabilities	<u>2,449,561</u>	<u>2,427,160</u>	<u>4,876,721</u>
<b>NONCURRENT LIABILITIES</b>			
Long Term Compensation Liability	105,474	18,412	123,886
Purchase Agreement	440,625	197,038	637,663
Capital Leases (Over One Year)	219,173	122,563	341,736
Bonds Payable (Over One Year)	18,868,515	21,955,226	40,823,741
Net Pension Liability	1,450,573	275,194	1,725,767
Total Noncurrent Liabilities	<u>21,084,360</u>	<u>22,568,433</u>	<u>43,652,793</u>
Total Liabilities	<u>23,533,921</u>	<u>24,995,593</u>	<u>48,529,514</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources Related to Pensions	188,513	35,764	224,277
<b>NET POSITION</b>			
Net Investment in Capital Assets	150,315,489	52,043,316	202,358,805
Restricted for:			
Capital Projects	1,935,735	4,775,391	6,711,126
Debt Service	458,199	-	458,199
Unrestricted	18,889,360	(1,754,519)	17,134,841
<b>Total Net Position</b>	<u>\$ 171,598,783</u>	<u>\$ 55,064,188</u>	<u>\$ 226,662,971</u>

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

**HERRIMAN CITY, UTAH  
STATEMENT OF ACTIVITIES  
Fiscal Year Ended June 30, 2015**

Functions/Programs	Program Revenues			Net (Expense) Revenue and Change in Net Position			
	Expenses	Charges for Services & Contributions	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
<b>Primary Government</b>							
General Government	\$ 557,998	\$ -	\$ -	\$ -	\$ (557,998)	\$ -	\$ (557,998)
Administration	1,499,399	827,526	-	-	(671,873)	-	(671,873)
Finance	1,055,781	-	-	-	(1,055,781)	-	(1,055,781)
Operations	15,504,607	821,571	-	12,462,062	(2,220,974)	-	(2,220,974)
Planning & Development	2,147,816	4,312,894	-	3,125,605	5,290,683	-	5,290,683
Interest on Long Term Debt	1,009,575	-	-	-	(1,009,575)	-	(1,009,575)
Total Governmental Activities	21,775,176	5,961,991	-	15,587,667	(225,518)	-	(225,518)
<b>Business-Type Activities</b>							
Water	7,294,466	6,721,742	-	5,269,711	-	4,696,987	4,696,987
Total Business-Type Activities	7,294,466	6,721,742	-	5,269,711	-	4,696,987	4,696,987
	\$ 29,069,642	\$ 12,683,733	\$ -	\$ 20,857,378	(225,518)	4,696,987	4,471,469
<b>General Revenues:</b>							
Taxes:							
Property Taxes Levied for General Purposes					598,403	-	598,403
Sales and Use Taxes					2,983,126	-	2,983,126
Franchise Taxes					1,591,785	-	1,591,785
Unrestricted Investment Earnings					14,859	41,106	55,965
Gain on the Sale of Fixed Assets					245,428	31,998	277,426
Total General Revenues					5,433,601	73,104	5,506,705
Changes in Net Position					5,208,083	4,770,091	9,978,174
Net Position-Beginning					165,907,993	50,587,206	216,495,199
Prior Period Adjustment					482,707	(293,109)	189,598
Net Position-Ending					\$ 171,598,783	\$ 55,064,188	\$ 226,662,971

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

**HERRIMAN CITY, UTAH  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2015**

	<u>General Fund</u>	<u>Herriman Towne Center CDA/SAA</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Cash & Cash Equivalents	\$ 1,875,933	\$ 445,175	\$ 1,754,687	\$ 4,075,795
Receivables				
Property, Sales, Franchise and Excise Tax	1,355,091	-	-	1,355,091
Other Receivables	85,975	-	37,939	123,914
Special Assessments	-	14,054,511	-	14,054,511
Restricted Cash	88,668	2,623,954	1,571,400	4,284,022
<b>Total Assets</b>	<u>\$ 3,405,667</u>	<u>\$ 17,123,640</u>	<u>\$ 3,364,026</u>	<u>\$ 23,893,333</u>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 207,910	\$ -	\$ 295,132	\$ 503,042
Accrued Liabilities	264,955	-	-	264,955
<b>Total Liabilities</b>	<u>472,865</u>	<u>-</u>	<u>295,132</u>	<u>767,997</u>
<b>Deferred Inflows of Resources</b>				
Deferred Property Taxes	509,116	-	-	509,116
Deferred Assessments	-	14,054,511	-	14,054,511
<b>Total Deferred Inflows of Resources</b>	<u>509,116</u>	<u>14,054,511</u>	<u>-</u>	<u>14,563,627</u>
<b>Fund Balances:</b>				
Assigned	-	2,610,930	1,133,159	3,744,089
Restricted for:				
Debt Service	-	458,199	-	458,199
Capital Projects	-	-	1,935,735	1,935,735
Unassigned	2,423,686	-	-	2,423,686
<b>Total Fund Balances</b>	<u>2,423,686</u>	<u>3,069,129</u>	<u>3,068,894</u>	<u>8,561,709</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 3,405,667</u>	<u>\$ 17,123,640</u>	<u>\$ 3,364,026</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.	171,077,741
Non-Current Assets and Deferred Outflows of Resources Related to Pensions	350,143
Accrued Interest Payable is not reported in the funds	(247,625)
Property tax receivable is recorded when measurable and available.	509,116
Special Assessment Revenue is recognized when the levy is made and when measurable in the government funds	14,054,511
Net Pension Liabilities and Deferred Inflows of Resources Related to Pensions	(1,639,086)
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>(21,067,726)</u>
<b>Net Position in Governmental Activities</b>	<u>\$ 171,598,783</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, 2015**

	General Fund	Herriman Towne Center CDA/SAA	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Property Taxes	\$ 542,212	\$ 24,407	\$ -	\$ 566,619
Sales & Use Taxes	2,983,126	-	-	2,983,126
Franchise Taxes	1,591,785	-	-	1,591,785
Licenses & Permits	4,342,534	-	-	4,342,534
Intergovernmental Revenue	836,142	586,388	-	1,422,530
Charges for Services	1,375,669	-	-	1,375,669
Fines & Forfeitures	171,547	-	-	171,547
SAA Assessments	-	1,456,676	-	1,456,676
Impact Fees	-	1,768,548	3,240,587	5,009,135
Contributions	-	-	241,468	241,468
Interest Earnings	2,402	11,327	1,130	14,859
Miscellaneous Revenue	107,005	-	537,939	644,944
<b>Total Revenues</b>	<u>11,952,422</u>	<u>3,847,346</u>	<u>4,021,124</u>	<u>19,820,892</u>
<b>Expenditures:</b>				
General Business				
Legislative	134,828	-	-	134,828
Planning Commission	19,717	-	-	19,717
Legal	186,872	-	-	186,872
Administration				
Administration	706,766	104,204	2,800	813,770
Communication	174,233	-	-	174,233
Courts	163,567	-	-	163,567
Human Resources	211,511	-	-	211,511
Recorder	194,307	-	-	194,307
Finance				
Finance	419,069	-	-	419,069
Information Technology	544,931	-	-	544,931
Operations				
Facilities	359,281	-	-	359,281
Enforcement/Emergency Services	338,499	-	3,204	341,703
Fleet Management	181,214	-	-	181,214
Streets	1,823,033	610,795	1,987	2,435,815
Events	653,255	-	-	653,255
Parks & Cemetery	2,091,311	-	-	2,091,311
Planning & Development				
Building	561,395	-	-	561,395
Economic Development	96,309	-	-	96,309
Engineering	886,003	-	-	886,003
GIS	255,960	-	-	255,960
Planning	402,977	-	37,506	440,483
Capital Outlay			3,581,305	3,581,305
Debt Service				
Principal	34,515	1,920,000	365,625	2,320,140
Interest	-	655,658	358,656	1,014,314
<b>Total Expenditures</b>	<u>10,439,553</u>	<u>3,290,657</u>	<u>4,351,083</u>	<u>18,081,293</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>	<u>1,512,869</u>	<u>556,689</u>	<u>(329,959)</u>	<u>1,739,599</u>
<b>Other Financing Sources (Uses)</b>				
Loan Proceeds	280,325	-	-	280,325
Transfers In	-	-	1,660,454	1,660,454
Transfers Out	(1,270,151)	-	(390,303)	(1,660,454)
Sale of Fixed Assets	245,428	-	-	245,428
<b>Total Other Financing Sources and Uses</b>	<u>(744,398)</u>	<u>-</u>	<u>1,270,151</u>	<u>525,753</u>
<b>Net Change in Fund Balance</b>	768,471	556,689	940,192	2,265,352
<b>Fund Balances, Beginning of the Year</b>	<u>1,655,215</u>	<u>2,512,440</u>	<u>2,128,702</u>	<u>6,296,357</u>
<b>Fund Balances, End of the Year</b>	<u>\$ 2,423,686</u>	<u>\$ 3,069,129</u>	<u>\$ 3,068,894</u>	<u>\$ 8,561,709</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, 2015**

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

Net Changes in Fund Balances-Total Governmental Funds	\$ 2,265,352
Court Receivables are recorded when measurable in the Governmental Funds	(72,703)
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 depreciation exceeded capital outlays in the current period.	(6,278,850)
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.	7,643,865
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	2,318,472
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.	(292,422)
Governmental funds report revenues not collected within sixty days as deferred inflows until subsequently collected. These transactions are recorded as revenues when earned in the Statement of Activities.	31,784
Decrease of Accrued Compensated Absences decreases expenses in the Statement of Activities, but is not an expenditure in the Governmental Funds.	4,033
Special Assessments are recognized when levied and are recorded in the fund statement when measurable and available.	(686,007)
Accrued Pension Costs are not reported as an expenditure for the current period in the Governmental Funds, but are recorded in the Statement of Activities.	256,055
Accrued Interest is not reported as an expenditure for the current period in the Governmental Funds, but is recorded in the Statement of Activities.	18,504
<b>Changes in Net Position of Governmental Activities</b>	<u><u>\$ 5,208,083</u></u>

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

**HERRIMAN CITY, UTAH**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUND-WATER FUND**  
**June 30, 2015**

<b>Assets</b>	
Current Assets:	
Cash & Cash Equivalents	\$ 2,827,579
Receivables (net of allowance)	362,754
Inventory	157,666
<b>Total Current Assets</b>	<u>3,347,999</u>
Noncurrent Assets:	
Restricted Cash & Cash Equivalents	4,775,391
Net Pension Asset	475
Capital Assets:	
Land & Water Rights	13,488,921
Work in Progress	5,754,645
Buildings	58,400
Machinery and Equipment	653,416
Autos and Trucks	569,991
Improvements Other than Buildings	67,887,965
Less: Accumulated Depreciation	<u>(16,507,610)</u>
<b>Total Noncurrent Assets</b>	<u>76,681,594</u>
<b>Total Assets</b>	<u>80,029,593</u>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources related to pensions	<u>65,952</u>
<b>Liabilities</b>	
Current Liabilities:	
Accounts Payable	1,113,707
Accrued Liabilities	19,786
Accrued Interest	345,551
Current Portion of Compensated Absences	35,000
Current Portion of Purchase Agreements	140,625
Current Portion of Lease Payable	75,505
Current Portion of Bonds Payable	<u>696,986</u>
<b>Total Current Liabilities</b>	<u>2,427,160</u>
Noncurrent Liabilities:	
Compensated Absences Payable	18,412
Lease Payable	122,563
Purchase Agreement	197,038
Bonds Payable	21,955,226
Net Pension Liability	<u>275,194</u>
<b>Total Noncurrent Liabilities</b>	<u>22,568,433</u>
<b>Total Liabilities</b>	<u>24,995,593</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows of resources related to pensions	<u>35,764</u>
<b>Net Position</b>	
Net Investment in Capital Assets	52,043,316
Restricted for:	
Capital Projects	4,775,391
Unrestricted	<u>(1,754,519)</u>
<b>Total Net Position</b>	<u>\$ 55,064,188</u>

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

**HERRIMAN CITY, UTAH**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUND-WATER FUND**  
**For the Year Ended June 30, 2015**

<b>Operating Revenues:</b>	
Charges for Services	\$ 6,485,109
<b>Total Operating Revenues</b>	<u>6,485,109</u>
<b>Operating Expenses:</b>	
Water Purchases	1,277,752
Salaries and Wages	848,793
Operating Supplies and Materials	431,787
Professional and Technical Services	680,501
Conferences and Travel	15,744
Insurance	27,634
Miscellaneous	47,533
Utilities	494,114
Equipment, Repairs & Maintenance	195,908
Depreciation	<u>2,408,615</u>
<b>Total Operating Expenses</b>	<u>6,428,381</u>
<b>Operating Income</b>	<u>56,728</u>
<b>Nonoperating Revenues (Expenses)</b>	
Interest Income	41,106
Impact Fees	2,837,031
Connection Fees	236,633
Sales of Surplus Property	31,998
Cost of Bond Issuance	(108,436)
Interest Expense	<u>(757,649)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>2,280,683</u>
<b>Income Before Contributions</b>	2,337,411
<b>Contributions</b>	<u>2,432,680</u>
<b>Change in Net Position</b>	4,770,091
<b>Total Net Position, Beginning of Year</b>	50,587,206
<b>Prior Period Adjustment</b>	<u>(293,109)</u>
<b>Total Net Position, End of Year</b>	<u>\$ 55,064,188</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, 2015**

<b>Cash Flows from Operating Activities</b>	
Cash received from customers, service fees	\$ 6,728,757
Cash Paid to Suppliers	(2,747,237)
Cash Paid to Employees	(842,483)
Net Cash Flows from Operating Activities	<u>3,139,037</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Long Term Debt Proceeds	6,463,720
Principal payments on long-term debt	(5,781,284)
Capital Lease Proceeds	52,084
Principal payments on long-term leases	(57,473)
Purchase of fixed assets	(7,018,042)
Impact fees	2,837,031
Connection Fees	236,633
Sale of fixed assets	31,998
Cost of Issuance	(108,436)
Interest paid	(766,064)
Net Cash Flows from Capital and Related Financing Activities	<u>(4,109,833)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on investments	<u>41,106</u>
Net Cash Flows from Investing Activities	<u>41,106</u>
<b>Net Change in Cash and Cash Equivalents</b>	(1,222,799)
<b>Cash and Cash Equivalents, Beginning of the Year</b>	<u>8,825,769</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u>\$ 7,602,970</u>
<b>Reconciliation of Operating Income to Net Cash Flows from Operating Activities:</b>	
Net Operating Income	56,728
Adjustments to reconcile net operating income to net cash flows from operating activities	
Depreciation/Amortization	2,408,615
Net Pension Adjustment	244,531
Changes in operating assets and liabilities:	
(Increase) Decrease in Receivables	243,648
(Increase) Decrease in Inventory	(18,912)
Increase (Decrease) in Accrued Liabilities	198,117
Increase (Decrease) in Compensated Absences	6,310
Net Cash Flows from Operating Activities	<u>\$ 3,139,037</u>
<b>Noncash Investing, Capital and Financing Activities</b>	
Capital Contributions from Developers	<u>\$ 2,432,680</u>

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

**HERRIMAN CITY, UTAH**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**June 30, 2015**

	<u>High Country II Trust Fund</u>	<u>High Country I Trust Fund</u>	<u>Agency Fund</u>
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 104,778	\$ 36,993	\$ 1,845,935
Accounts Receivable	9,259	14,945	-
Infrastructure	547,325	-	-
Loan Receivable Herriman City	56,413	-	-
Total Assets	<u>717,775</u>	<u>51,938</u>	<u>1,845,935</u>
<b>Liabilities:</b>			
Accounts Payable	17,604	75	-
Deposit Liability	-	-	1,845,935
Total Liabilities	<u>17,604</u>	<u>75</u>	<u>\$ 1,845,935</u>
Net Position	<u>\$ 700,171</u>	<u>\$ 51,863</u>	

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

**HERRIMAN CITY, UTAH**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended June 30, 2015**

	<u>High Country II Trust Funds</u>	<u>High Country I Trust Funds</u>
<b>Additions</b>		
Water Sales	\$ 142,048	\$ 124,653
Impact Fees	16,884	-
Other Income	758	45
Total Additions	<u>159,690</u>	<u>124,698</u>
<b>Deductions</b>		
Water Purchases	1,000	-
Salaries and Wages	60,204	48,966
Licenses/Certifications/Dues	-	1,849
Operating Supplies and Materials	12,150	10,140
Equipment, Repairs & Maintenance	10,421	9,432
Utilities	19,597	11,465
Other Deductions	2,164	
Total Deductions	<u>105,537</u>	<u>81,852</u>
Change in Net Position	54,153	42,846
Net Position - Beginning of Year	646,018	9,017
Net Position - End of Year	<u>\$ 700,171</u>	<u>\$ 51,863</u>

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

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies**

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**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 such as recreation (including parks), planning and zoning, street maintenance and repair, 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 City also has three fiduciary funds two trust and one agency fund.

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, 2015**

**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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. The major governmental funds are the general fund and Herriman Towne Center CDA/SAA with water being the only major enterprise fund.

**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 and private-purpose trust 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. There are five major categories of expenditures in the general fund, they are general government, administration, finance, operations and planning and development.

During 2015, the administration department in the general fund was divided creating the finance and general government divisions. This was done to align the financial statements with the functional areas of the organizational chart.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Herriman Towne Center CDA/SAA is a fund set up to account for the Special Assessment Area of the Towne Center project. Herriman Towne Center CDA/SAA is a fund that accounts for tax incentives and special assessments with the corresponding bonding for the project.

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.

The City reports three fiduciary funds:

High Country I and II are funds used to account for Herriman City's responsibilities in administering water systems for these two home owners association which are outside the boundaries of the City.

Developer bonds is a fund used to account for bonds posted by developers to ensure that improvements required by real estate development are completed timely and in accordance with development agreements.

The two High Country water systems are treated as private-purpose trusts and the developer bonds are treated as an agency fund. These water systems report operating revenues and expenses generally from providing services and producing and delivering goods in connection with the homeowner's association water systems.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting assets and liabilities.

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.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies, Continued**

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**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 Fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2015 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.

**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

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies, Continued**

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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, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts 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 and Trust Funds**

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, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 1. Summary of Significant Accounting Policies, Continued**

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Herriman City has also undertaken the management and maintenance of the High 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 Trust Funds.

**Pensions**

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

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

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**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 position. 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:

The annual requirements to amortize bonds payable at June 30, 2015 are as follows:

Bonds Payable	\$ 19,836,419
Capital Leases and Purchase Agreements	925,833
Compensated Absences Payable	<u>305,474</u>
Net adjustment to reduce fund balance-total	<u>\$ 21,067,726</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:

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

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Capital Outlay	\$ 2,640,309
Depreciation Expense	<u>(8,919,159)</u>
Net adjustment to decrease net changes in fund balance-total governmental funds to arrive at changes in net position of governmental activities	<u>\$ (6,278,850)</u>

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**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 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.

During fiscal year 2015, Herriman City was within the published budget with one exception. A reimbursement agreement for road impact fees which was paid out at the conclusion of the year made the road impact funds over budget. Although these agreements are approved by the council this item was inadvertently omitted from the budget.

**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 30<sup>th</sup> 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 30<sup>th</sup>.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4. Deposits and Investments**

Deposits and investments of the City at June 30, 2015 consist of the following:

Deposits:	
Cash on Hand	\$ 485
Cash in Banks	1,266,584
Investments:	
Zions Bank Trust	6,969,976
State Treasurer's Investments	9,713,448
	<u>\$ 17,950,493</u>
Cash & Cash Equivalents	\$ 6,903,374
Cash & Cash Equivalents-Fiduciary Funds	1,987,706
Restricted Cash & Cash Equivalents	9,059,413
	<u>\$ 17,950,493</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, 2015, \$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

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4. Deposits and Investments, Continued**

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.

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, 2015 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	\$ 9,713,448	\$ 9,713,448	\$ -	\$ -	\$ -
Zions Bank Trust-100% Invested in PTIF	6,969,976	6,969,976	-	-	-
<b>Total Fair Value</b>	<b>\$ 16,683,424</b>	<b>\$ 16,683,424</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**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.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 4. Deposits and Investments, Continued**

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At June 30, 2015 the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ 9,713,448	\$ -	\$ -	\$ -	\$ 9,713,448
Zions Bank Trust-100% Invested in PTIF	6,969,976	-	-	-	6,969,976
<b>Total Fair Value</b>	<b>\$ 16,683,424</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 16,683,424</b>

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5. Capital Assets**

Capital asset activity for the year ended June 30, 2015 was as follows:

<b>Governmental Activities</b>	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
<b>Capital Assets, not being Depreciated</b>				
Land	\$ 69,676,211	\$ 2,500,927	\$ -	\$ 72,177,138
Construction in Progress	2,466,904	209,156	2,466,904	209,156
<b>Total Capital Assets, not being Depreciated</b>	<b>72,143,115</b>	<b>2,710,083</b>	<b>2,466,904</b>	<b>72,386,294</b>
<b>Capital Assets, being Depreciated</b>				
Buildings	6,238,620	-	-	6,238,620
Improvements	141,268,585	9,395,221	-	150,663,806
Autos & Trucks	2,776,483	277,168	200,900	2,852,751
Machinery & Equipment	2,666,515	368,606	-	3,035,121
Infrastructure	927,113	-	-	927,113
<b>Total Capital Assets, being Depreciated</b>	<b>153,877,316</b>	<b>10,040,995</b>	<b>200,900</b>	<b>163,717,411</b>
<b>Less Accumulated Depreciation</b>				
Buildings	(1,899,935)	(190,086)	-	(2,090,021)
Improvements	(49,454,789)	(8,484,772)	-	(57,939,561)
Autos & Trucks	(2,532,718)	(59,401)	(200,900)	(2,391,219)
Machinery & Equipment	(2,036,754)	(137,228)	-	(2,173,982)
Infrastructure	(383,509)	(47,672)	-	(431,181)
<b>Total Accumulated Depreciation</b>	<b>(56,307,705)</b>	<b>(8,919,159)</b>	<b>(200,900)</b>	<b>(65,025,965)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>97,569,611</b>	<b>1,121,836</b>	<b>-</b>	<b>98,691,447</b>
<b>Governmental Activities Capital Assets, net</b>	<b>\$ 169,712,726</b>	<b>\$ 3,831,919</b>	<b>\$ 2,466,904</b>	<b>\$ 171,077,741</b>

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

<b>Governmental Activities</b>	
Administration	\$ 221,552
Operations	8,697,607
<b>Total Depreciation Expense-Governmental Activities</b>	<b>\$ 8,919,159</b>

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 5. Capital Assets (Continued)**

<b>Business-Type Activities</b>	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
<b>Capital Assets, not being Depreciated</b>				
Land	\$ 2,519,216	\$ 359,997	\$ -	\$ 2,879,213
Water Rights	9,348,715	1,260,993	-	10,609,708
Construction in Progress	2,943,886	4,979,654	2,168,895	5,754,645
<b>Total Capital Assets, not being Depreciated</b>	<b>14,811,817</b>	<b>6,600,644</b>	<b>2,168,895</b>	<b>19,243,566</b>
<b>Capital Assets, being Depreciated</b>				
Buildings	58,400	-	-	58,400
Machinery & Equipment	653,415	1	-	653,416
Autos & Trucks	586,119	62,014	78,142	569,991
Distribution System	62,931,007	4,956,958	-	67,887,965
<b>Total Capital Assets, being Depreciated</b>	<b>64,228,941</b>	<b>5,018,973</b>	<b>78,142</b>	<b>69,169,772</b>
<b>Less Accumulated Depreciation</b>				
Buildings	(13,383)	(1,460)	-	(14,843)
Machinery & Equipment	(502,010)	(36,030)	-	(538,040)
Autos & Trucks	(340,674)	(59,406)	(78,142)	(321,938)
Distribution System	(13,321,070)	(2,311,719)	-	(15,632,789)
<b>Total Accumulated Depreciation</b>	<b>(14,177,137)</b>	<b>(2,408,615)</b>	<b>(78,142)</b>	<b>(16,507,610)</b>
<b>Total Capital Assets, being Depreciated, net</b>	<b>50,051,804</b>	<b>2,610,358</b>	<b>-</b>	<b>52,662,162</b>
<b>Business Type Activities Capital Assets, net</b>	<b>\$ 64,863,621</b>	<b>\$ 9,211,002</b>	<b>\$ 2,168,895</b>	<b>\$ 71,905,728</b>

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

Water Fund \$ 2,408,615

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6. Long-Term Debt**

The following is a summary of changes in long-term obligations for the year ended June 30, 2015:

**Bonds Payable**

	Balance 6-30-2014	Additions	Retirements	Balance 6-30-2015	Current Portion
<b>Governmental Activities:</b>					
Sales & Franchise Tax Revenue					
Bond	\$ 7,250,000	\$ -	\$ 225,000	\$ 7,025,000	\$ 225,000
SAA Bond	14,915,000	-	1,920,000	12,995,000	755,000
Discount	(195,677)	-	(12,096)	(183,581)	(12,096)
<b>Total Governmental Activities</b>	<b>21,969,323</b>	<b>-</b>	<b>2,132,904</b>	<b>19,836,419</b>	<b>967,904</b>
<b>Business-Type Activities</b>					
Water Revenue Bond 2003	1,965,000	-	181,000	1,784,000	184,000
Water Revenue Bond 2007	8,890,000	-	230,000	8,660,000	240,000
Water Revenue Bond 2011	5,835,000	-	255,000	5,580,000	270,000
BAN 2012	4,415,000	-	4,415,000	-	-
BAN 2014	-	5,498,000	-	5,498,000	-
Water Revenue Bond 2015	-	1,000,000	-	1,000,000	-
Premium	170,659	-	6,167	164,492	6,414
Discount	-	(34,280)	-	(34,280)	(3,428)
<b>Total Business-Type Activities</b>	<b>21,275,659</b>	<b>6,463,720</b>	<b>5,087,167</b>	<b>22,652,212</b>	<b>696,986</b>
<b>Total Bonds</b>	<b>43,244,982</b>	<b>6,463,720</b>	<b>7,220,071</b>	<b>42,488,631</b>	<b>1,664,890</b>

**Other Long-Term Liabilities**

<b>Governmental Activities:</b>					
Capital Leases	97,104	280,326	32,847	344,583	125,410
Bills/Carter Land Purchase	421,875	-	140,625	281,250	140,625
Purchase Agreement	300,000	-	-	300,000	-
Compensated Absences	309,507	399,914	403,947	305,474	200,000
<b>Total Governmental Activities</b>	<b>1,128,486</b>	<b>680,240</b>	<b>577,419</b>	<b>1,231,307</b>	<b>466,035</b>
<b>Business-Type Activities</b>					
Capital Leases Payable	203,457	52,084	57,473	198,068	75,505
Bills/Carter Land Purchase	421,875	-	140,625	281,250	140,625
Loan Payable-Hi Country	603,738	-	547,325	56,413	-
Compensated Absences	47,102	84,843	78,533	53,412	35,000
<b>Total Business-Type Activities</b>	<b>1,276,172</b>	<b>136,927</b>	<b>823,956</b>	<b>589,143</b>	<b>251,130</b>
<b>Total Other Long-Term Liabilities</b>	<b>2,404,658</b>	<b>817,167</b>	<b>1,401,375</b>	<b>1,820,450</b>	<b>717,165</b>
<b>Total Long-Term Liabilities</b>	<b>\$ 45,649,640</b>	<b>\$ 7,280,887</b>	<b>\$ 8,621,446</b>	<b>\$ 44,309,081</b>	<b>\$ 2,382,055</b>

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**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. \$ 7,025,000

SAA bond Series 2010 with interest from 3% to 5%, due in November 2029. The bonds are secured by property owned by individuals in the Special Assessment Area. 12,995,000

Bond Discounts related to the Sales/Franchise bond and SAA bond were \$51,132 and \$201,024. These discounts are being amortized over the life of the bonds. (183,581)

19,836,419

Total Governmental Activities Bonds

**Business-Type Activities**

Water Revenue bond 2003, due in annual principal installments ranging from \$153,000 to \$213,000 bearing interest at 1.86%. The bond is secured by water revenue and will mature in 2024. Original debt was \$3,450,000. 1,784,000

Water Revenue 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. 8,660,000

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. 5,580,000

Water Revenue bond 2015, due in annual principal payments ranging of \$126,000 to \$154,000 bearing interest at 2.25%. The bonds are secured by water revenue and mature in 2023. Original debt was \$3,428,000. Although, the bond is for \$3,428,000, only \$1,000,000 has been advanced as of June 30, 2015. The balance will be received as construction is completed. 1,000,000

Bond Anticipation Note 2014, was originally due on July 1, 2015 and has been extended to July 1, 2016. The note bears interest at the rate of 1.02%. 5,498,000

Bond Premium related to the Water Revenue and Refunding bond 2007 in the original amount of \$207,676. The premium is being amortized over the life of the bonds. 164,492

Bond Discount related to the Water Revenue and Refunding bond 2015 in the original amount of \$34,280. The discount is being amortized over the life of the bonds. (34,280)

Total Business-Type Activities Bonds \$ 22,652,212

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6. Long-Term Debt, Continued**

**Leases Payable:**

**Governmental Activities**

Van Lease Payable in annual installments through September 2015, at interest of 1.7%.	\$ 7,072
Ford F350 Pickup Lease Payable in annual installments through September 2015, at interest of 1.7%	8,861
Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	14,869
Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	14,869
Ford F350 Pickup Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	18,586
Four Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	119,687
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	52,084
Ford F150 Pickup Lease Payable in annually installments through November 2017, at interest of 1.65%	29,200
Ford F150 Pickup Lease Payable in annually installments through November 2017, at interest of 1.65%	26,043
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	<u>53,312</u>
Total Governmental Leases	<u>344,583</u>

**Business-Type Activities**

Ford F-150 Pickup Lease Payable in annual installments through September 2015, at interest of 1.7%.	8,446
10 Wheel Truck w/ Snow Plow Lease Payable in semi-annually installments through November 2018, at interest of 1.85%.	137,538
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	<u>52,084</u>
Total Business-Type Leases	<u>198,068</u>

**Accrued Compensated Absences**

358,886

**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 2016.	562,500
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.	<u>56,413</u>
Total Other Long Term Liabilities	<u>918,913</u>

**Total Long-Term Debt**

44,309,081

Less: Current Portions:

Governmental Activities	(1,433,939)
Business-Type Activities	<u>(948,116)</u>

**Net Long-Term Debt**

\$ 41,927,026

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 6. Long-Term Debt, Continued**

The annual requirements to amortize bonds payable at June 30, 2015 are as follows:

	<u>Sales/Franchise Tax Bond 2008</u>		<u>Towne Center SAA Bond 2010</u>		<u>Total Governmental Bonds</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 225,000	\$ 351,959	\$ 755,000	\$ 581,392	\$ 980,000	\$ 933,351
2017	240,000	342,359	780,000	553,555	1,020,000	895,914
2018	250,000	331,634	810,000	522,325	1,060,000	853,959
2019	265,000	320,046	840,000	488,395	1,105,000	808,441
2020	280,000	307,924	875,000	452,476	1,155,000	760,400
2021-2025	1,600,000	1,330,252	5,010,000	1,611,305	6,610,000	2,941,557
2026-2030	2,060,000	876,336	3,925,000	585,375	5,985,000	1,461,711
2031-2035	2,105,000	245,830	-	-	2,105,000	245,830
Totals	<u>\$ 7,025,000</u>	<u>\$ 4,106,341</u>	<u>\$ 12,995,000</u>	<u>\$ 4,794,823</u>	<u>\$ 20,020,000</u>	<u>\$ 8,901,163</u>

	<u>Water Revenue Bond Series 2003</u>		<u>Water Revenue Bond Series 2007</u>		<u>Water Revenue Bond Series 2011</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ 184,000	\$ 33,182	\$ 240,000	\$ 382,275	\$ 270,000	\$ 215,816
2017	187,000	29,760	250,000	372,675	275,000	207,716
2018	191,000	26,282	260,000	362,675	285,000	199,466
2019	194,000	22,729	270,000	352,275	295,000	190,916
2020	198,000	19,121	280,000	340,800	300,000	182,066
2021-2025	830,000	38,948	1,820,000	1,579,263	1,665,000	753,702
2026-2030	-	-	3,230,000	968,850	2,030,000	388,078
2031-2035	-	-	2,310,000	211,050	460,000	21,160
Totals	<u>\$ 1,784,000</u>	<u>\$ 170,022</u>	<u>\$ 8,660,000</u>	<u>\$ 4,569,863</u>	<u>\$ 5,580,000</u>	<u>\$ 2,158,920</u>

	<u>Water Revenue Bond Series 2015</u>		<u>Water Revenue (BAN) 2014</u>		<u>Total Water Revenue Bonds</u>	
<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2016	\$ -	\$ 13,375	\$ -	\$ 56,074	\$ 694,000	\$ 700,722
2017	138,000	22,500	5,498,000	56,080	6,348,000	688,731
2018	141,000	19,395	-	-	877,000	607,818
2019	144,000	16,223	-	-	903,000	582,143
2020	147,000	12,982	-	-	925,000	554,969
2021-2025	430,000	18,810	-	-	4,745,000	2,390,723
2026-2030	-	-	-	-	5,260,000	1,356,928
2031-2035	-	-	-	-	2,770,000	232,210
Totals	<u>\$ 1,000,000</u>	<u>\$ 103,285</u>	<u>\$ 5,498,000</u>	<u>\$ 112,154</u>	<u>\$ 22,522,000</u>	<u>\$ 7,114,244</u>

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 7. Capital Leases**

The City has entered into lease agreements, which are considered capital leases in accordance with Governmental Accounting Standard Board pronouncements. The following is an annual schedule of future minimum lease payments with interest rates ranging from 1.65% to 1.85%, together with the present value of the net minimum lease payments:

Year Ending June 30,	Governmental Activities					
	Van	Ford F350	Van	Van	Ford F-350	
2016	\$ 7,201	\$ 8,940	\$ 5,654	\$ 5,654	\$ 7,067	
2017	-	-	4,547	4,547	5,684	
2018	-	-	3,441	3,441	4,302	
2019	-	-	1,721	1,721	2,151	
Total Remaining Payments:	7,201	8,940	15,363	15,363	19,204	
Less Amounts Representing Interest:	129	79	494	494	618	
Present Value of Net Remaining Minimum Lease Payments:	\$ 7,072	\$ 8,861	\$ 14,869	\$ 14,869	\$ 18,586	

Year Ending June 30,	Park 2015	Engineering 2015	ITS 2015	Streets 2015	Building 2015	Total
						Governmental
2016	\$ 41,219	\$ 17,937	\$ 8,969	\$ 10,056	\$ 18,360	\$ 131,056
2017	41,219	17,937	8,969	10,056	18,360	111,320
2018	41,219	17,938	8,969	10,057	18,361	107,729
2019	-	-	-	-	-	5,592
Total Remaining Payments:	123,657	53,812	26,907	30,169	55,081	355,698
Less Amounts Representing Interest:	3,970	1,728	864	969	1,769	11,114
Present Value of Net Remaining Minimum Lease Payments:	\$ 119,687	\$ 52,084	\$ 26,043	\$ 29,200	\$ 53,312	\$ 344,584

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

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 423,657	\$ 31,882	\$ (39,164)

Year Ending June 30,	Business-Type Activities			
	Ford F150	10 Wheeler w/ Snow Plow	Water 2015	Total Business-Type
2016	\$ 8,691	\$ 52,295	\$ 17,937	\$ 60,986
2017	-	42,064	17,937	42,064
2018	-	31,832	17,938	31,832
2019	-	15,916	-	15,916
Total Remaining Payments:	8,691	142,107	53,812	150,796
Less Amounts Representing Interest:	245	4,569	1,728	4,814
Present Value of Net Remaining Minimum Lease Payments:	\$ 8,446	\$ 137,538	\$ 52,084	\$ 145,983

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

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 288,221	\$ 8,042	\$ (55,270)

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8. Equity Classifications**

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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. Restricted - 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.
- c. 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.
- d. 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.
- e. Unassigned - Amounts that may be used for any governmental purpose. The General Fund is the only fund that reports a positive unassigned balance, whereas other governmental funds could potentially have a negative balance if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes.

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.
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**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 8. Equity Classifications (Continued)**

At June 30, 2015, the City's assigned and restricted net position is as follows:

<b>Governmental</b>	
<b>Assigned</b>	
Herriman Towne Center CDA/SAA	\$ 2,610,930
Herriman Parkway	29,662
Towne Center	182,699
Public Safety Fee	22,502
Debt Service	2,372
Storm Drain Impact Fee	493,462
Street Sign Fee	89,146
Street Light Fee	59,885
Capital Projects	253,431
<b>Restricted</b>	
Park Impact Fund	977,831
Street Impact Fund	366,078
Herriman Towne Center CDA/SAA	458,199
Capital Projects	591,826
<b>Total Governmental Assigned and Restricted</b>	<b>\$ 6,138,023</b>
<b>Business Type</b>	
<b>Capital Outlay:</b>	
Water Impact Fees	4,775,391
<b>Total Business Type Restricted</b>	<b>\$ 4,775,391</b>

**NOTE 9. Interfund Transactions and Balances**

Interfund transfers for the fiscal year ended June 30, 2015 are as follows:

	Transfer From	Transfers To			
		Debt Service	Street Lights	Herriman Towne Center	Capital Projects
<b>General Fund</b>	\$ (1,270,151)	\$ 195,151	\$ 50,000	\$ 200,000	\$ 825,000
<b>Street Impact Fund</b>	(390,303)	390,303			
	<u>\$ (1,660,454)</u>	<u>\$ 585,454</u>	<u>\$ 50,000</u>	<u>\$ 200,000</u>	<u>\$ 825,000</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.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan**

**General Information about the Pension Plan**

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

Public Employees Noncontributory Retirement System (Noncontributory System); is a multiple employer, cost sharing, public employee retirement system.

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: [www.urs.org](http://www.urs.org).

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

System	Final Annual Salary	Years of service required and/or age eligible for benefits	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 Years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2% per year all years	Up to 4%
Tier 2 Public Employees System	Highest 5 years	35 years any age	1.5% per year all years	Up to 2.5%

\* with actuarial reductions

\*\* all post-retirement cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

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

**Utah Retirement System**

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate
Contributory System			
111-Local Government Division Tier 2	N/A	N/A	14.830%
Noncontributory System			
15-Local Governmental Division Tier 1	N/A	N/A	18.470%

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

At December 31, 2014, we reported a net pension asset of \$2,979 and a net pension liability of \$1,725,767.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.3974375%	\$ -	\$ 1,725,767
Tier 2 Public Employees System	0.0983084%	2,979	-
Total Net Pension Asset / Liability		\$ 2,979	\$ 1,725,767

The net pension asset and liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2014 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability was based upon actual historical employer contributions to the plan from the census data submitted to the plan for pay periods ending in 2014.

For the year ended December 31, 2014, we recognized pension expense of \$426,830. At June 30, 2015, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 55,214
Changes in assumptions	-	169,063
Net difference between projected and actual earnings on pension plan investments	39,207	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	374,384	-
	<u>\$ 413,591</u>	<u>\$ 224,277</u>

\$374,384 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2014. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2015	(46,005)
2016	(46,005)
2017	(46,005)
2018	(43,794)
2019	(521)
Thereafter	(2,736)

Actuarial assumptions: The total pension liability in the December 31, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary Increases	3.5 - 10.5 percent average, including inflation
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation

Active member mortality rates are a function of the member's gender, occupation, and age and are developed based upon plan experience. Retiree mortality assumptions are highlighted in the table below.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

**Retired Member Mortality**

**Class of Member**

**Educators**

Men EDUM (90%)

Women EDUF (100%)

**Public Safety and Firefighters**

Men RP 2000mWC (100%)

Women EDUF (120%)

**Local Government, Public Employees**

Men RP 2000mWC (100%)

Women EDUF (120%)

EDUM = Constructed mortality table based on actual experience of male educators multiplied by given percentage

EDUF = Constructed mortality table based on actual experience of female educators multiplied by given percentage

RP 2000mWC = RP2000 combined mortality table for males with white collar adjustments multiplied by given percentage

The actuarial assumptions used in the January 1, 2014, valuation were based on the results of an actuarial experience study for the five year period of January 1, 2009 - December 31, 2013.

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

<b>Expected Return Arithmetic Basis</b>			
<b>Asset Class</b>	<b>Target Asset Allocation</b>	<b>Real Return Arithmetic Basis</b>	<b>Long Term expected Portfolio real rate of return</b>
Equity securities	40.00%	7.06%	2.82%
Debt securities	20.00%	0.80%	0.16%
Real assets	13.00%	5.10%	0.66%
Private equity	9.00%	11.30%	1.02%
Absolute return	18.00%	3.15%	0.57%
Cash & Cash Equivalents	0.00%	0.00%	0.00%
Total	100.00%	27.41%	5.23%
		Inflation	2.75%
		Expected arithmetic nominal return	7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

Discount rate: The discount rate used to measure the total pension liability was 7.50 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

**NOTE 10. Defined Benefit Pension Plan, Continued**

assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate: The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.50%)
Net Pension (asset/liability)	\$ 4,162,701	\$ 1,722,788	\$ (308,195)

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

**Defined Contribution System**

**Defined Contribution System**

	Employee Paid Contributions	Employer Paid Contributions
401 (k) Plan	\$ 189,937	\$ 388,929
457 Plan	\$ 119,214	\$ 1,685
Roth IRA Plan	\$ 21,357	\$ -

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

**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.

**HERRIMAN CITY, UTAH**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**June 30, 2015**

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**NOTE 12. Subsequent Events and Transactions**

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There are no significant events or transactions that were subsequent to the reporting date that need to be disclosed.

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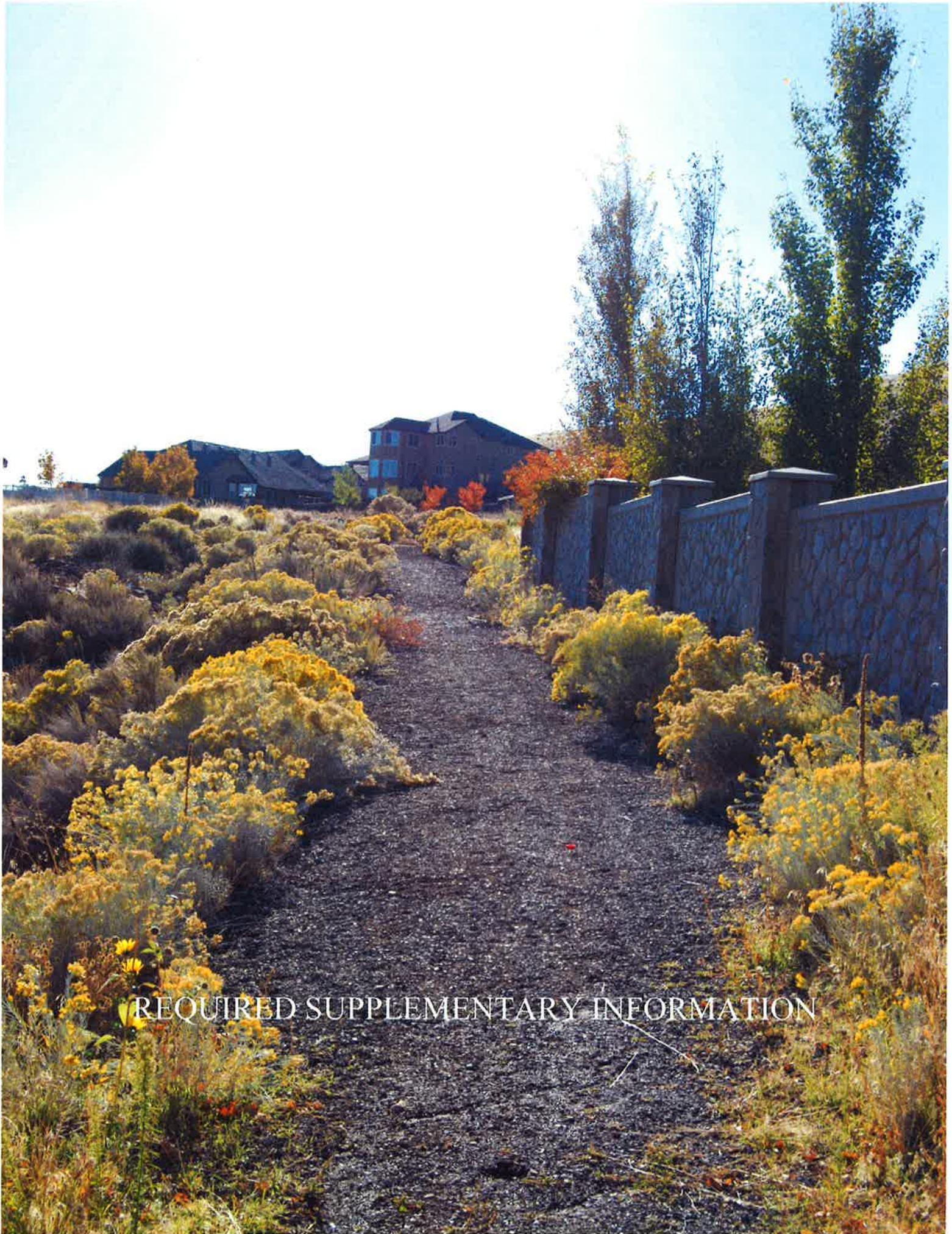
**NOTE 13. Prior Period Adjustments**

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Subsequent to the issuance of the fiscal year 2014 financial statements, management discovered an omission to the financial statements. In addition, there are prior period adjustments required by the newly issued GASB 68 requirements in the government-wide financial statements.

An amount was added to the governmental Land account to account for Rights of Way and Easements received from developers in 2014. That amount was \$2,027,705. This transaction increased the net position recorded in the statement of net position.

Also, the requirements of GASB 68 require a prior period adjustment to both the governmental and the business type activities. Both of these entries resulted in reductions in total net position in the statement of net position in the amount of \$1,544,998 and \$293,109 respectively.



REQUIRED SUPPLEMENTARY INFORMATION

**HERRIMAN CITY, UTAH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	Budgeted Amounts			Actual Amounts	Variance with Final Budget
	Original	Changes	Final		
<b>Revenues:</b>					
<b>Taxes:</b>					
General Property Tax	\$ 525,481	\$ 14,519	\$ 540,000	\$ 542,212	\$ 2,212
General Sales & Use Taxes	2,780,205	181,910	2,962,115	2,983,126	21,011
Franchise Taxes	1,407,378	208,239	1,615,617	1,591,785	(23,832)
<b>Total Taxes</b>	<b>4,713,064</b>	<b>404,668</b>	<b>5,117,732</b>	<b>5,117,123</b>	<b>(609)</b>
<b>Licenses &amp; Permits</b>					
Business License & Permits	53,310	(22)	53,288	56,635	3,347
Non-Business License & Permits	3,789,033	351,282	4,140,315	4,285,899	145,584
<b>Total Licenses &amp; Permits</b>	<b>3,842,343</b>	<b>351,260</b>	<b>4,193,603</b>	<b>4,342,534</b>	<b>148,931</b>
<b>Intergovernmental Revenues:</b>					
Class "C" Roads	845,000	(38,524)	806,476	804,157	(2,319)
Grants - SL County	7,500	(900)	6,600	11,000	4,400
State Liquor Allotment	18,880	(858)	18,022	18,022	-
Other Intergovernmental	-	2,963	2,963	2,963	-
<b>Total Intergovernmental Revenues</b>	<b>871,380</b>	<b>(37,319)</b>	<b>834,061</b>	<b>836,142</b>	<b>2,081</b>
<b>Charges for Services:</b>					
Operations	768,221	511,708	1,279,929	1,348,674	68,745
Planning & Development	-	16,011	16,011	26,995	10,984
<b>Total Charges for Services</b>	<b>768,221</b>	<b>527,719</b>	<b>1,295,940</b>	<b>1,375,669</b>	<b>79,729</b>
<b>Fines and Forfeitures</b>					
Court Fines and Forfeitures	110,000	89,466	199,466	171,547	(27,919)
<b>Total Fines and Forfeitures</b>	<b>110,000</b>	<b>89,466</b>	<b>199,466</b>	<b>171,547</b>	<b>(27,919)</b>
<b>Miscellaneous</b>					
Investment Earnings	27,750	7,392	35,142	2,402	(32,740)
Other	102,400	20,833	123,233	107,005	(16,228)
<b>Total Miscellaneous</b>	<b>130,150</b>	<b>28,225</b>	<b>158,375</b>	<b>109,407</b>	<b>(48,968)</b>
<b>Total Revenues</b>	<b>\$ 10,435,158</b>	<b>\$ 1,364,019</b>	<b>\$ 11,799,177</b>	<b>\$ 11,952,422</b>	<b>\$ 153,245</b>

**HERRIMAN CITY, UTAH  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Expenditures:</b>					
<b>General Government</b>					
Legislative	\$ 146,616	\$ (591)	\$ 146,025	\$ 134,828	\$ 11,197
Planning Commission	24,000	6,200	30,200	19,717	10,483
Legal	120,800	68,200	189,000	186,872	2,128
<b>Total General Government</b>	<u>291,416</u>	<u>73,809</u>	<u>365,225</u>	<u>341,417</u>	<u>23,808</u>
<b>Administration</b>					
Administration	1,344,725	(652,701)	692,024	706,766	(14,742)
Communication	104,500	93,330	197,830	174,233	23,597
Courts	159,292	6,313	165,605	163,567	2,038
Human Resources	332,725	(81,356)	251,369	211,511	39,858
Recorder	13,500	217,796	231,296	194,307	36,989
<b>Total Administration</b>	<u>1,954,742</u>	<u>(416,618)</u>	<u>1,538,124</u>	<u>1,450,384</u>	<u>87,740</u>
<b>Finance</b>					
Finance	39,000	384,650	423,650	419,069	4,581
Information Tehnology	946,586	(403,346)	543,240	544,931	(1,691)
<b>Total Finance</b>	<u>985,586</u>	<u>(18,696)</u>	<u>966,890</u>	<u>964,000</u>	<u>2,890</u>
<b>Operations</b>					
Facilities	379,140	9,295	388,435	359,281	29,154
Enforcement/Emergency Services	210,393	119,311	329,704	338,499	(8,795)
Fleet Management	217,912	(25,669)	192,243	181,214	11,029
Streets	1,611,581	211,517	1,823,098	1,823,033	65
Events	748,759	(11,592)	737,167	653,255	83,912
Parks & Cemetery	1,913,581	145,415	2,058,996	2,091,311	(32,315)
<b>Total Operations</b>	<u>5,081,366</u>	<u>448,277</u>	<u>5,529,643</u>	<u>5,446,593</u>	<u>83,050</u>
<b>Planning &amp; Development</b>					
Building	629,535	(116,583)	512,952	561,395	(48,443)
Economic Development	99,757	(2,142)	97,615	96,309	1,306
Engineering	862,865	(27,312)	835,553	886,003	(50,450)
GIS	-	260,645	260,645	255,960	4,685
Planning	430,742	(14,848)	415,894	402,977	12,917
<b>Total Planning &amp; Development</b>	<u>2,022,899</u>	<u>99,760</u>	<u>2,122,659</u>	<u>2,202,644</u>	<u>(79,985)</u>
<b>Debt Service</b>					
	<u>229,666</u>	<u>(195,151)</u>	<u>34,515</u>	<u>34,515</u>	<u>-</u>
<b>Total Expenditures</b>	<u>10,565,675</u>	<u>(8,619)</u>	<u>10,557,056</u>	<u>10,439,553</u>	<u>117,503</u>
<b>Excess (Deficiency) of Revenues Over (Under)</b>					
<b>Expenditures</b>	<u>(130,517)</u>	<u>1,372,638</u>	<u>1,242,121</u>	<u>1,512,869</u>	<u>270,748</u>
<b>Other Financing Sources (Uses)</b>					
Lease Proceeds	300,000	(300,000)	-	280,325	280,325
Sale of Fixed Assets	120,000	157,381	277,381	245,428	(31,953)
Transfers Out	(875,000)	(421,435)	(1,296,435)	(1,270,151)	26,284
<b>Total Other Financing Sources and Uses</b>	<u>(455,000)</u>	<u>(564,054)</u>	<u>(1,019,054)</u>	<u>(744,398)</u>	<u>274,656</u>
<b>Net Change in Fund Balance</b>	(585,517)	808,584	223,067	768,471	545,404
<b>Fund Balance, Beginning of Year</b>	<u>1,655,215</u>		<u>1,655,215</u>	<u>1,655,215</u>	
<b>Fund Balance, End of Year</b>	<u>\$ 1,069,698</u>		<u>\$ 1,878,282</u>	<u>\$ 2,423,686</u>	

**HERRIMAN CITY, UTAH  
HERRIMAN TOWNE CENTER CDA/SAA FUND  
STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Property Tax	\$ 168,500	\$ (144,093)	\$ 24,407	\$ 24,407	\$ -
Charges for Services	-	1,863,070	1,863,070	1,768,548	94,522
Intergovernmental	-	-	586,388	586,388	-
SAA Assessments	1,428,033	(20,318)	1,407,715	1,456,676	(48,961)
Interest Income	-	2,500	2,500	11,327	(8,827)
Total Revenue	<u>1,596,533</u>	<u>1,701,159</u>	<u>3,884,080</u>	<u>3,847,346</u>	<u>36,734</u>
<b>Expenditures</b>					
Administration	5,000	1,153,948	1,158,948	104,204	1,054,744
Capital Projects	168,500	2,347,295	2,515,795	610,795	1,905,000
Debt Service					
Principal	730,000	20,000	750,000	1,920,000	(1,170,000)
Interest	693,033	-	693,033	655,658	37,375
Total Expenditures	<u>1,596,533</u>	<u>3,521,243</u>	<u>5,117,776</u>	<u>3,290,657</u>	<u>1,827,119</u>
Excess Deficiency of Revenues Over (Under) Expenditures	<u>-</u>	<u>(1,820,084)</u>	<u>(1,233,696)</u>	<u>556,689</u>	<u>1,790,385</u>
Net Change in Fund Balance	-	(1,820,084)	(1,233,696)	556,689	1,790,385
<b>Fund Balance-Beginning</b>	<u>2,512,440</u>		<u>2,512,440</u>	<u>2,512,440</u>	
<b>Fund Balance-Ending</b>	<u>\$ 2,512,440</u>		<u>\$ 1,278,744</u>	<u>\$ 3,069,129</u>	

**HERRIMAN CITY, UTAH**  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**Last 10 Fiscal Years\***

	<b>Noncontributory System</b>	<b>Tier 2 Public Employees System</b>
<b>Noncontributory System</b>		
Proportion of the net pension liability (asset)	0.3974375%	0.0983084%
Proportionate share of the net pension liability (asset)	\$ 1,725,767	\$ (2,979)
Covered Employee Payroll	\$ 3,394,535	\$ 482,391
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	50.80%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	90.20%	103.50%

\*This schedule usually covers the ten most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**HERRIMAN CITY, UTAH**  
**SCHEDULE OF PENSION CONTRIBUTIONS**  
**Last 10 Fiscal Years\***

	<b>Noncontributory System</b>	<b>Tier 2 Public Employees System</b>
<b>Noncontributory System</b>		
Contractually required contributions	\$ 624,661	\$ 40,559
Contributions in relation to the contractual required contributions	(624,661)	(40,559)
Contribution deficiencies (excess)	<u>\$ -</u>	<u>\$ -</u>
Covered Employee Payroll	\$ 3,394,535	\$ 482,391
Contributions as a percentage of covered employee payroll	18.40%	8.41%

\*This schedule usually covers the ten most recent fiscal years; however, this is the information available as of the implementation year of GASB 68.

**HERRIMAN CITY, UTAH**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**June 30, 2015**

**NOTE 1. Pension Required Supplemental Information**

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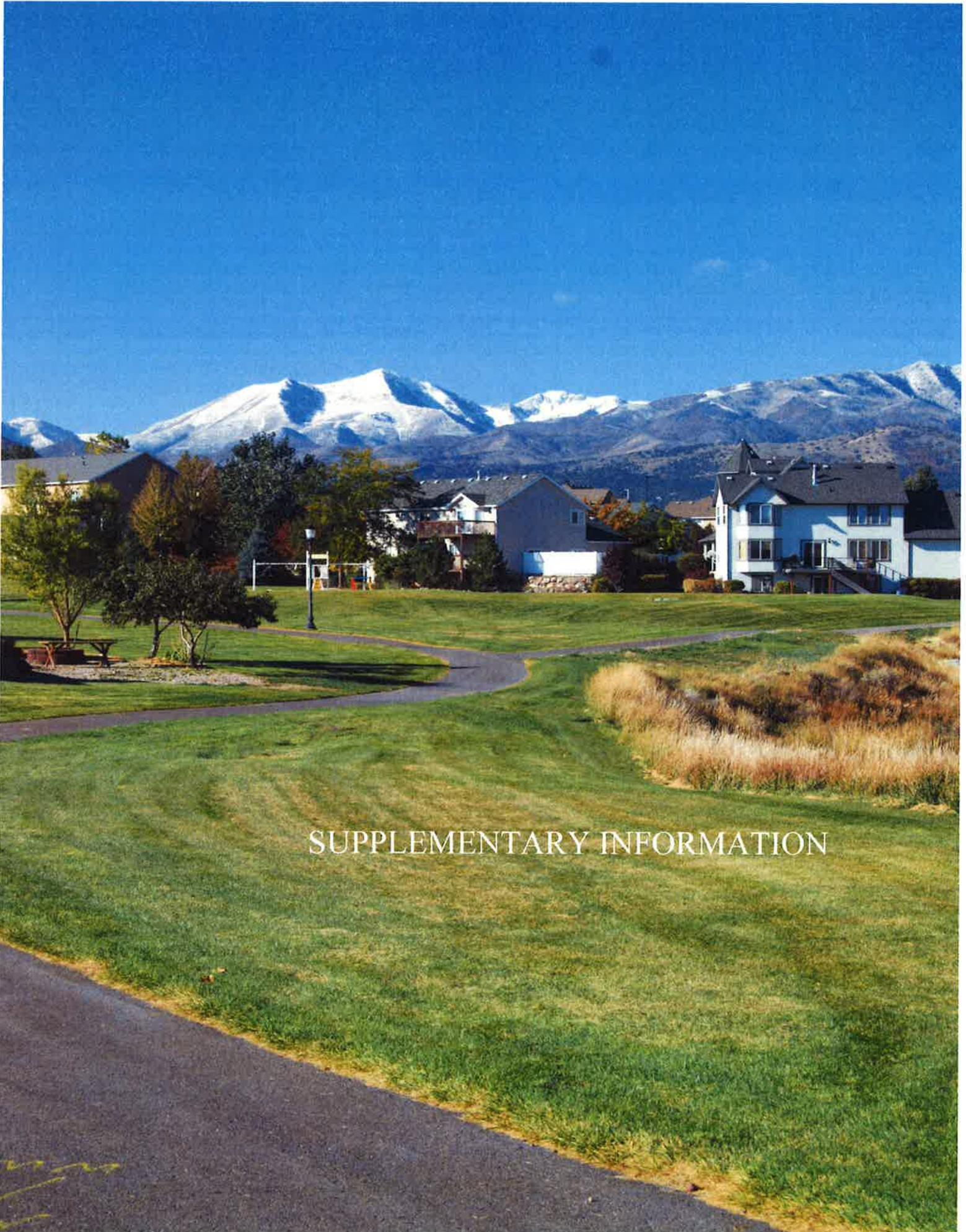
Contribution rates include an amount for normal cost, the estimated amount necessary to finance benefits earned by the members during the current year, and an amount for amortization of the unfunded or excess funded actuarial accrued liability over a closed 20-year amortization period. The rates are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

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

**NOTE 2. Stewardship, Compliance and Accountability**

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Herriman City reports the budget compliance of major funds in this section of the financial statements. A discussion of the budget process can be found in Note 3 of the basic financial statements on page 43.



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.

#### **HERRIMAN TOWNE CENTER-CITY HALL FUND**

The Herriman Towne Center Fund – City Hall was set up to accumulate and expend funds for a new City Hall building.

#### **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 FUND**

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 fees 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 roads required due to new growth.

#### **STORM DRAIN 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.

### **AGENCY FUND**

Agency funds are used to account for short-term custodial collections on resources on behalf of another individual, entity, or government.

### **DEVELOPER BOND AGENCY FUND**

Herriman City requires real estate developers to post a bond to ensure that all improvements required by the development agreement are complete. The bonds may be in the form of a surety or in many cases they are cash. When the bonds are posted in cash they are accounted for in the agency fund and returned to the developers when terms of the agreement are fulfilled.

**HERRIMAN CITY, UTAH  
 COMBINING BALANCE SHEET  
 NON-MAJOR GOVERNMENTAL FUNDS  
 June 30, 2015**

	Special Revenue Fund				Capital Projects Funds							Total Nonmajor Governmental Funds
	Herriman Parkway	Towne		Debt Service	Storm Drain Fee	Street Sign Fee	Street Light Fee	Capital Projects	Total			
		Center - City Hall	Public Safety Fee							Park Impact Fee	Road Impact Fee	
<b>Assets:</b>												
Cash & Cash Equivalents	\$ 29,662	\$ -	\$ -	\$ 2,372	\$ 493,462	\$ 89,146	\$ 135,145	\$ 1,004,900	\$	\$ 1,754,687		
Restricted Cash	-	190,149	22,502	-	-	-	-	-	-	1,571,400		
Accounts Receivable	-	-	-	-	-	-	-	-	37,939	-		
<b>Total Assets</b>	<b>\$ 29,662</b>	<b>\$ 190,149</b>	<b>\$ 22,502</b>	<b>\$ 2,372</b>	<b>\$ 493,462</b>	<b>\$ 89,146</b>	<b>\$ 135,145</b>	<b>\$ 1,042,839</b>	<b>\$ 37,939</b>	<b>\$ 3,364,026</b>		
<b>Liabilities and Fund Balances</b>												
<b>Liabilities:</b>												
Accounts Payable	-	7,450	-	-	-	-	75,260	197,582	-	295,132		
<b>Total Liabilities</b>	<b>-</b>	<b>7,450</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75,260</b>	<b>197,582</b>	<b>-</b>	<b>295,132</b>		
<b>Fund Balances:</b>												
Assigned	29,662	182,699	22,502	2,372	493,462	89,146	59,885	253,431	-	1,133,159		
Restricted for:												
Capital Improvements	-	-	-	-	-	-	-	-	591,826	1,935,735		
<b>Total Fund Balances</b>	<b>29,662</b>	<b>182,699</b>	<b>22,502</b>	<b>2,372</b>	<b>493,462</b>	<b>89,146</b>	<b>59,885</b>	<b>845,257</b>	<b>591,826</b>	<b>3,068,894</b>		
<b>Total Liabilities and Fund Balances</b>	<b>\$ 29,662</b>	<b>\$ 190,149</b>	<b>\$ 22,502</b>	<b>\$ 2,372</b>	<b>\$ 493,462</b>	<b>\$ 89,146</b>	<b>\$ 135,145</b>	<b>\$ 1,042,839</b>	<b>\$ 37,939</b>	<b>\$ 3,364,026</b>		

**HERRIMAN CITY, UTAH  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES  
 NON-MAJOR GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2015**

	Special Revenue Fund				Capital Projects Funds				Total Nonmajor Governmental Funds	
	Herriman Parkway	Towne Center - City Hall	Public Safety Fee	Debt Service	Park Impact Fee	Road Impact Fee	Storm Drain Fee	Street Sign Fee		Street/Light Fee
<b>Revenues:</b>										
Impact Fee Revenues	\$ -	\$ -	\$ -	\$ -	\$ 882,485	\$ 1,393,192	\$ 390,769	\$ 91,041	\$ 483,100	\$ -
Contributions	-	-	-	-	-	-	-	-	-	241,468
Interest Earnings	-	-	-	-	-	-	-	-	-	1,130
Miscellaneous Revenue	-	-	-	-	-	-	-	-	-	537,939
<b>Total Revenue</b>	-	-	-	-	882,485	1,393,192	390,769	91,041	483,100	780,537
<b>Expenditures:</b>										
Current:										
Administration	2,800	-	-	-	-	-	-	-	-	-
Operations	-	-	3,204	-	-	-	-	-	-	-
Emergency Management Streets	650	-	-	-	-	-	-	-	-	1,337
Planning & Development	-	-	-	-	24,953	-	1,553	-	11,000	-
Capital Outlay	-	17,948	-	-	423,457	923,893	129,462	84,057	646,136	1,350,769
Debt Service	-	-	-	225,000	140,625	-	-	-	-	-
Principal	-	-	-	358,656	-	-	-	-	-	-
Interest	-	-	-	583,656	-	-	-	-	-	-
<b>Total Expenditures</b>	3,450	17,948	8,787	583,656	589,035	923,893	131,015	84,057	657,136	1,352,106
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(3,450)	(17,948)	(8,787)	(583,656)	293,450	469,299	259,754	6,984	(174,036)	(571,569)
<b>Other Financing Sources (Uses)</b>										
Transfers In	-	200,000	-	585,454	-	-	-	-	50,000	825,000
Transfers Out	-	-	-	-	-	(390,303)	-	-	-	-
<b>Total Other Financing Sources and Uses</b>	-	200,000	-	585,454	-	(390,303)	-	-	50,000	825,000
<b>Net Changes in Fund Balances</b>	(3,450)	182,052	(8,787)	1,798	293,450	78,996	259,754	6,984	(124,036)	253,431
<b>Fund Balances, Beginning of Year</b>	33,112	647	31,289	574	684,381	287,082	233,708	82,162	183,921	591,826
<b>Fund Balances, End of Year</b>	\$ 29,662	\$ 182,699	\$ 22,502	\$ 2,372	\$ 977,831	\$ 366,078	\$ 493,462	\$ 89,146	\$ 59,885	\$ 845,257
										\$ 3,068,894

**HERRIMAN CITY, UTAH**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUND**  
**For the Year Ended June 30, 2015**

	June 30, 2014	Additions	Deletions	June 30, 2015
<b>Assets:</b>				
Cash and Cash Equivalents	\$ 843,110	\$ 2,240,359	\$ 1,237,535	\$ 1,845,935
Total Assets	\$ 843,110	\$ 2,240,359	\$ 1,237,535	\$ 1,845,935
<b>Liabilities:</b>				
Due to Developers	\$ 843,110	\$ 2,240,359	\$ 1,237,535	\$ 1,845,935
Total Liabilities	\$ 843,110	\$ 2,240,359	\$ 1,237,535	\$ 1,845,935



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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Miscellaneous Revenue	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	-	-	-	-	-
<b>Expenditures</b>					
Operating	-	4,000	4,000	3,450	550
Deficiency of Revenues Under Expenditures	-	(4,000)	(4,000)	(3,450)	550
Net Change in Fund Balance	-	(4,000)	(4,000)	(3,450)	550
<b>Fund Balance-Beginning</b>	33,112		33,112	33,112	
<b>Fund Balance-Ending</b>	<u>\$ 33,112</u>		<u>\$ 29,112</u>	<u>\$ 29,662</u>	

**HERRIMAN CITY, UTAH  
HERRIMAN TOWNE CENTER – CITY HALL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Investment Earnings	\$ -	\$ 2	\$ 2	\$ -	\$ (2)
Total Revenue	<u>-</u>	<u>2</u>	<u>2</u>	<u>-</u>	<u>(2)</u>
<b>Expenditures</b>					
Capital Outlay	-	200,000	200,000	17,948	182,052
Total Expenditures	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>17,948</u>	<u>182,052</u>
Deficiency of Revenues Under Expenditures	<u>-</u>	<u>(199,998)</u>	<u>(199,998)</u>	<u>(17,948)</u>	<u>182,050</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	200,000	200,000	200,000	-
Total Financing Sources (Uses)	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
Net Change in Fund Balance	-	2	2	182,052	182,050
<b>Fund Balance-Beginning</b>	<u>647</u>		<u>647</u>	<u>647</u>	
<b>Fund Balance-Ending</b>	<u>\$ 647</u>		<u>\$ 649</u>	<u>\$ 182,699</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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Public Safety Fee	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenue	-	-	-	-	-
<b>Expenditures</b>					
Operations	-	3,500	3,500	3,204	296
Capital Outlay	-	-	5,438	5,583	(145)
Total Expenditures	-	3,500	8,938	8,787	151
Deficiency of Revenues Under Expenditures	-	(3,500)	(8,938)	(8,787)	151
Net Change in Fund Balance	-	(3,500)	(8,938)	(8,787)	151
<b>Fund Balance-Beginning</b>	<u>31,289</u>		<u>31,289</u>	<u>31,289</u>	
<b>Fund Balance-Ending</b>	<u>\$ 31,289</u>		<u>\$ 22,351</u>	<u>\$ 22,502</u>	

**HERRIMAN CITY, UTAH**  
**DEBT SERVICE FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Investment Earnings	\$ -	\$ -	\$ 70	\$ -	\$ (70)
Total Revenue	-	-	70	-	(70)
<b>Expenditures</b>					
Debt Service					
Principal	-	225,000	225,000	225,000	-
Interest	-	360,454	360,454	358,656	1,798
Total Expenditures	-	585,454	585,454	583,656	1,798
Deficiency of Revenues Under Expenditures	-	(585,454)	(585,384)	(583,656)	1,728
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	585,454	585,454	585,454	-
Total Financing Sources (Uses)	-	585,454	585,454	585,454	-
Net Change in Fund Balance	-	-	70	1,798	1,728
<b>Fund Balance-Beginning</b>	<u>574</u>		<u>574</u>	<u>574</u>	
<b>Fund Balance-Ending</b>	<u>\$ 574</u>		<u>\$ 644</u>	<u>\$ 2,372</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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Impact Fees	\$ 1,102,585	\$ (331,245)	\$ 771,340	\$ 882,485	\$ 111,145
Investment Earnings	300	(100)	200	-	(200)
Total Revenue	<u>1,102,885</u>	<u>(331,345)</u>	<u>771,540</u>	<u>882,485</u>	<u>110,945</u>
<b>Expenditures</b>					
Engineering	30,000	5,294	35,294	29,310	5,984
Capital Outlay	575,000	(62,800)	512,200	419,100	93,100
Debt Service	-	140,625	140,625	140,625	-
Total Expenditures	<u>605,000</u>	<u>83,119</u>	<u>688,119</u>	<u>589,035</u>	<u>99,084</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>497,885</u>	<u>(414,464)</u>	<u>83,421</u>	<u>293,450</u>	<u>210,029</u>
Net Change in Fund Balance	497,885	(414,464)	83,421	293,450	
<b>Fund Balance-Beginning</b>	<u>684,381</u>		<u>684,381</u>	<u>684,381</u>	
<b>Fund Balance-Ending</b>	<u>\$ 1,182,266</u>		<u>\$ 767,802</u>	<u>\$ 977,831</u>	

**HERRIMAN CITY, UTAH  
ROAD IMPACT FEE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Impact Fees	\$ 1,050,000	\$ 300,000	\$ 1,350,000	\$ 1,393,192	\$ 43,192
Investment Earnings	800	-	800	-	(800)
Total Revenue	<u>1,050,800</u>	<u>300,000</u>	<u>1,350,800</u>	<u>1,393,192</u>	<u>42,392</u>
<b>Expenditures</b>					
Engineering	-	13,184	13,184	14,852	(1,668)
Capital Outlay	-	443,823	443,823	909,041	(465,218)
Total Expenditures	<u>-</u>	<u>457,007</u>	<u>457,007</u>	<u>923,893</u>	<u>(466,886)</u>
Excess of Revenues Over Expenditures	<u>1,050,800</u>	<u>(157,007)</u>	<u>893,793</u>	<u>469,299</u>	<u>(424,494)</u>
<b>Other Financing Sources (Uses)</b>					
Transfer Out	<u>(390,303)</u>	<u>(273,000)</u>	<u>(663,303)</u>	<u>(390,303)</u>	<u>273,000</u>
Total Financing Sources (Uses)	<u>(390,303)</u>	<u>(273,000)</u>	<u>(663,303)</u>	<u>(390,303)</u>	<u>273,000</u>
Net Change in Fund Balance	660,497	(157,007)	230,490	78,996	(151,494)
<b>Fund Balance-Beginning</b>	<u>287,082</u>		<u>287,082</u>	<u>287,082</u>	
<b>Fund Balance-Ending</b>	<u>\$ 947,579</u>		<u>\$ 517,572</u>	<u>\$ 366,078</u>	

**HERRIMAN CITY, UTAH  
STORM DRAIN FEE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
For the Year Ended June 30, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Storm Drain Impact Fee	\$ 285,000	\$ -	\$ 285,000	\$ 390,769	\$ 105,769
Investment Earnings	185	15	200	-	(200)
Total Revenue	<u>285,185</u>	<u>15</u>	<u>285,200</u>	<u>390,769</u>	<u>105,569</u>
<b>Expenditures</b>					
Planning & Development	-	1,350	1,350	1,350	-
Capital Outlay	<u>300,000</u>	<u>123,632</u>	<u>423,622</u>	<u>129,665</u>	<u>293,957</u>
Total Expenditures	<u>300,000</u>	<u>124,982</u>	<u>424,972</u>	<u>131,015</u>	<u>293,957</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>(14,815)</u>	<u>(124,967)</u>	<u>(139,772)</u>	<u>259,754</u>	<u>399,526</u>
Net Change in Fund Balance	(14,815)	(124,967)	(139,772)	259,754	399,526
<b>Fund Balance-Beginning</b>	<u>233,708</u>		<u>233,708</u>	<u>233,708</u>	
<b>Fund Balance-Ending</b>	<u>\$ 218,893</u>		<u>\$ 93,936</u>	<u>\$ 493,462</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, 2015**

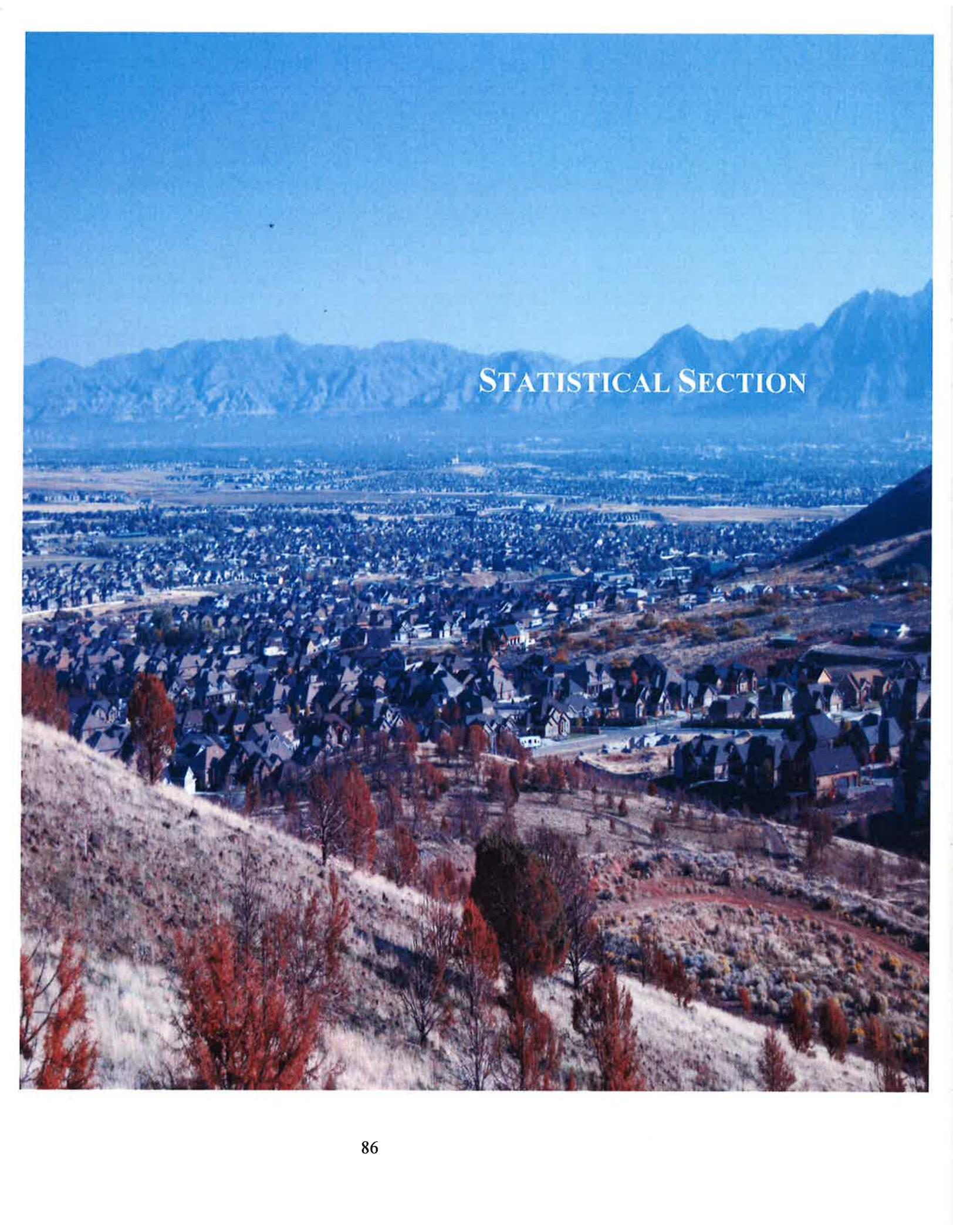
	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Street Sign Impact Fee	\$ 30,000	\$ 54,810	\$ 84,810	\$ 91,041	\$ 6,231
Total Revenue	<u>30,000</u>	<u>54,810</u>	<u>84,810</u>	<u>91,041</u>	<u>6,231</u>
<b>Expenditures</b>					
Capital Outlay	25,000	76,000	101,000	84,057	16,943
Total Expenditures	<u>25,000</u>	<u>76,000</u>	<u>101,000</u>	<u>84,057</u>	<u>16,943</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>5,000</u>	<u>(21,190)</u>	<u>(16,190)</u>	<u>6,984</u>	<u>23,174</u>
Net Change in Fund Balance	5,000	(21,190)	(16,190)	6,984	23,174
<b>Fund Balance-Beginning</b>	<u>82,162</u>		<u>82,162</u>	<u>82,162</u>	
<b>Fund Balance-Ending</b>	<u>\$ 87,162</u>		<u>\$ 65,972</u>	<u>\$ 89,146</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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Street Light Impact Fee	\$ 135,000	\$ 247,100	\$ 382,100	\$ 483,100	\$ 101,000
Total Revenue	<u>135,000</u>	<u>247,100</u>	<u>382,100</u>	<u>483,100</u>	<u>101,000</u>
<b>Expenditures</b>					
Administration	12,000	-	12,000	11,000	1,000
Capital Outlay	120,000	528,615	648,615	646,136	2,479
Total Expenditures	<u>132,000</u>	<u>528,615</u>	<u>660,615</u>	<u>657,136</u>	<u>3,479</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>3,000</u>	<u>(281,515)</u>	<u>(278,515)</u>	<u>(174,036)</u>	<u>104,479</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	-	150,000	150,000	50,000	(100,000)
Total Financing Sources (Uses)	<u>-</u>	<u>150,000</u>	<u>150,000</u>	<u>50,000</u>	<u>(100,000)</u>
Net Change in Fund Balance	3,000	(131,515)	(128,515)	(124,036)	4,479
<b>Fund Balance-Beginning</b>	<u>183,921</u>		<u>183,921</u>	<u>183,921</u>	
<b>Fund Balance-Ending</b>	<u>\$ 186,921</u>		<u>\$ 55,406</u>	<u>\$ 59,885</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, 2015**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
<b>Revenue</b>					
Contributions	\$ 250,000	\$ 5,041,043	\$ 5,291,043	\$ 779,407	\$ (4,511,636)
Investment Earnings	-	-	-	1,130	1,130
Total Revenue	<u>250,000</u>	<u>5,041,043</u>	<u>5,291,043</u>	<u>780,537</u>	<u>(4,510,506)</u>
<b>Expenditures</b>					
Operations	-	370,567	-	1,337	(1,337)
Capital Outlay	<u>2,075,000</u>	<u>358,215</u>	<u>5,891,850</u>	<u>1,350,769</u>	<u>4,541,081</u>
Total Expenditures	<u>2,075,000</u>	<u>728,782</u>	<u>5,891,850</u>	<u>1,352,106</u>	<u>4,539,744</u>
Deficiency of Revenues Under Expenditures	<u>(1,825,000)</u>	<u>4,312,261</u>	<u>(600,807)</u>	<u>(571,569)</u>	<u>29,238</u>
<b>Other Financing Sources (Uses)</b>					
Transfers In	<u>825,000</u>	<u>199,284</u>	<u>1,024,284</u>	<u>825,000</u>	<u>(199,284)</u>
Total Financing Sources (Uses)	<u>825,000</u>	<u>199,284</u>	<u>1,024,284</u>	<u>825,000</u>	<u>(199,284)</u>
Net Change in Fund Balance	(1,000,000)	4,511,545	423,477	253,431	(170,046)
<b>Fund Balance-Beginning</b>	<u>591,826</u>		<u>591,826</u>	<u>591,826</u>	
<b>Fund Balance-Ending</b>	<u>\$ (408,174)</u>		<u>\$ 1,015,303</u>	<u>\$ 845,257</u>	

An aerial photograph of a town, likely in a mountainous region, with a clear blue sky and distant mountain ranges. The foreground shows a hillside with sparse, reddish-brown vegetation. The town is densely packed with houses, and the mountains in the background are hazy and blue. The text "STATISTICAL SECTION" is overlaid in white, serif font in the upper right quadrant of the image.

STATISTICAL SECTION

## STATISTICAL SECTION

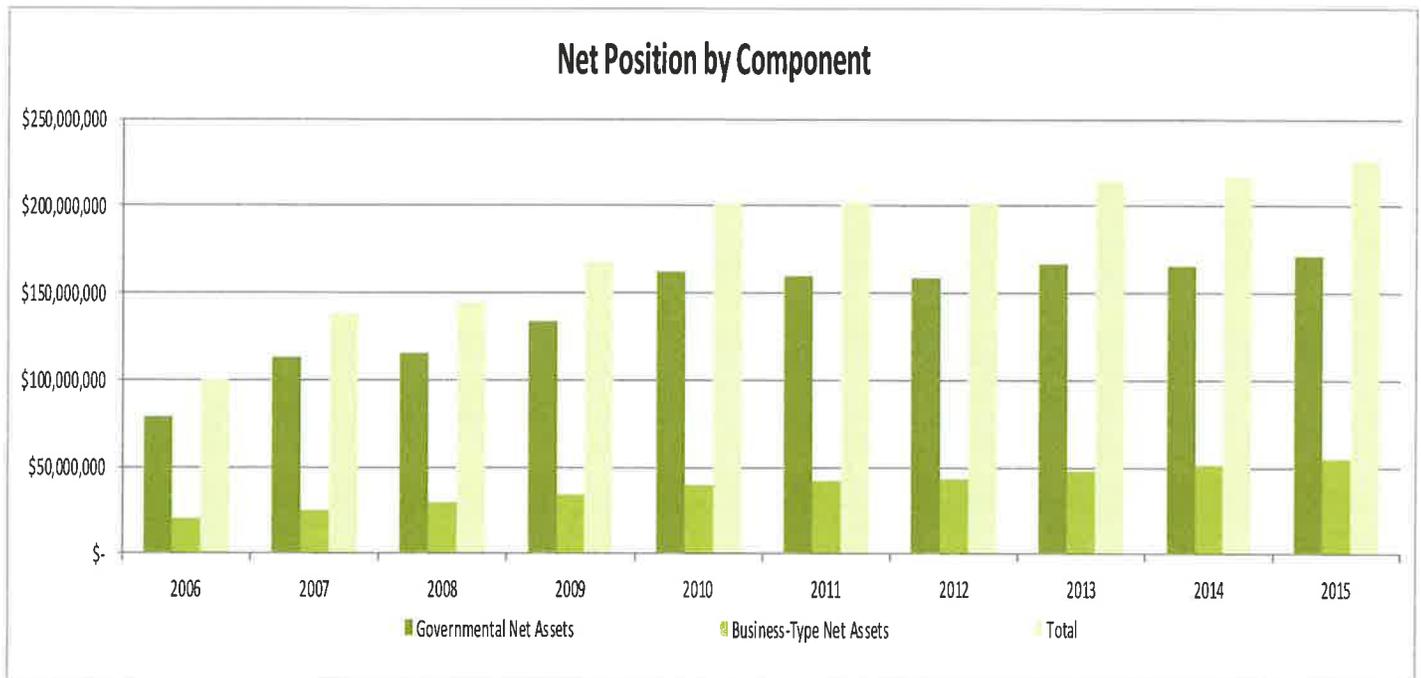
This part of the Herriman City Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

### CONTENTS

	<b>PAGE</b>
<b>Financial Trends</b>	<b>88</b>
<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>	
<b>Revenue Capacity</b>	<b>97</b>
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
<b>Debt Capacity</b>	<b>107</b>
<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>	
<b>Demographic and Economic Information</b>	<b>111</b>
<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>	
<b>Operational Information</b>	<b>113</b>
<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									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 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	\$ 147,849,294
Restricted	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	2,393,934
Unrestricted	2,782,625	2,727,627	1,277,528	2,031,174	6,826,723	19,474,596	18,451,844	18,366,571	18,916,258	21,355,555
<b>Total Governmental Activities Net</b>	<b>\$ 79,168,375</b>	<b>\$ 113,411,070</b>	<b>\$ 115,531,646</b>	<b>\$ 133,952,359</b>	<b>\$ 161,671,610</b>	<b>\$ 159,715,797</b>	<b>\$ 158,623,771</b>	<b>\$ 167,146,767</b>	<b>\$ 165,907,993</b>	<b>\$ 171,598,783</b>
<b>Business-Type Assets</b>										
Net Investment in Capital Assets	\$ 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	\$ 50,289,078
Restricted		1,033,134	1,759,207	2,374,041	993,408	1,618,248	1,955,374	2,678,481	7,742,702	4,775,391
Unrestricted	3,526,543	152,327	5,388,030	509,295	984,349	5,198,425	3,630,454	6,400,558	1,781,121	(281)
<b>Total Business-Type Activities Net</b>	<b>\$ 20,712,703</b>	<b>\$ 24,686,766</b>	<b>\$ 29,106,158</b>	<b>\$ 33,963,960</b>	<b>\$ 40,184,722</b>	<b>\$ 41,808,191</b>	<b>\$ 43,125,811</b>	<b>\$ 47,922,749</b>	<b>\$ 50,587,206</b>	<b>\$ 55,064,188</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	\$ 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	\$ 198,138,372
Restricted	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	7,169,325
Unrestricted	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	21,355,274
<b>Total Primary Government Net Assets</b>	<b>\$ 99,881,078</b>	<b>\$ 138,097,836</b>	<b>\$ 144,637,804</b>	<b>\$ 167,916,319</b>	<b>\$ 201,856,332</b>	<b>\$ 201,523,988</b>	<b>\$ 201,749,582</b>	<b>\$ 215,069,516</b>	<b>\$ 216,495,199</b>	<b>\$ 226,662,971</b>



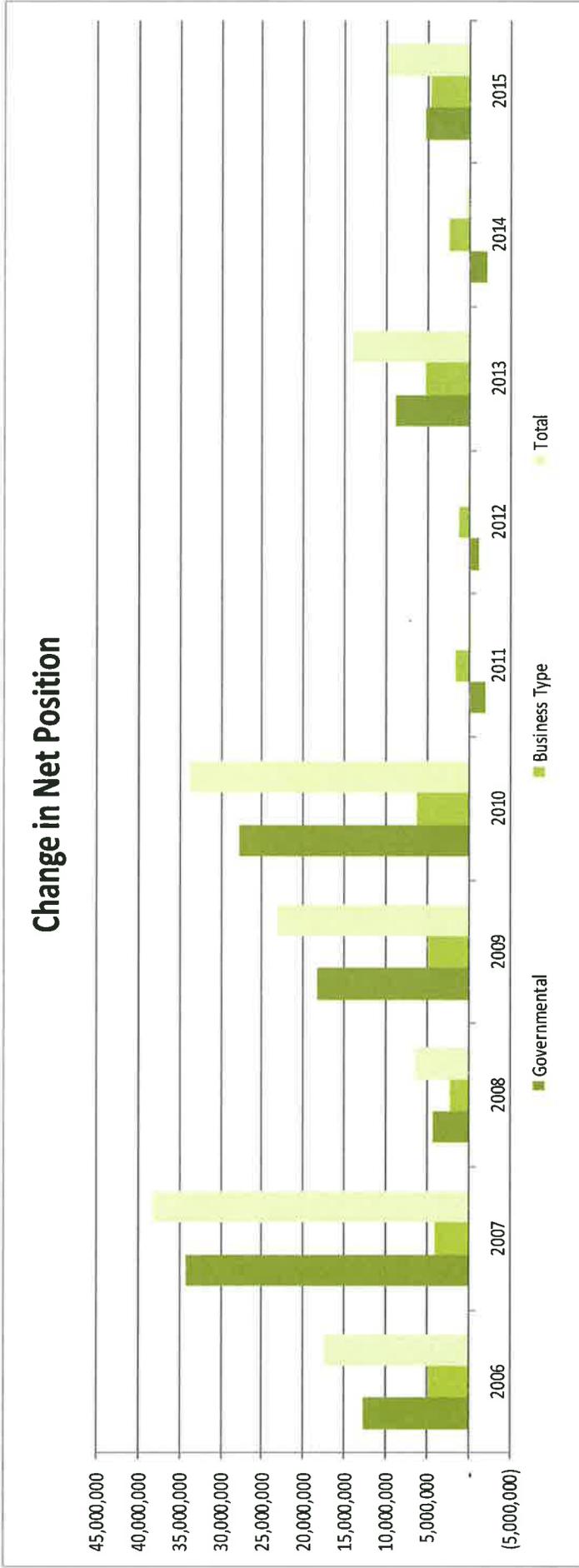
HERRIMAN CITY  
 CHANGES IN NET POSITION  
 Last Ten Fiscal Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Expenses</b>										
<b>Government Activities</b>										
<b>Governmental</b>										
General Government	\$ 2,406,579	2,223,768	1,865,084	1,960,418	3,959,070	5,055,423	4,743,122	4,895,368	2,170,656	557,998
Administration	-	-	-	-	-	-	-	-	-	1,499,399
Finance	-	-	-	-	-	-	-	-	-	1,055,781
Operations	5,992,714	6,146,076	8,375,926	8,261,286	9,542,763	10,302,360	9,814,475	8,826,036	14,941,796	15,504,607
Planning & Development	889,408	512,504	1,921,509	1,548,910	2,182,572	3,685,190	2,443,414	3,017,958	2,510,679	2,147,816
Interest in Long Term Debt	146,905	56,325	323,110	414,974	450,180	659,180	450,903	1,179,005	1,003,028	1,009,575
<b>Total Governmental Activities Expense</b>	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	21,775,176
<b>Business-Type Activities</b>										
Water	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	7,294,466
<b>Total Business Type-Activities</b>	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	7,294,466
<b>Total Primary Governmental Expense</b>	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	29,069,642
<b>Program Revenues</b>										
<b>Governmental Activities</b>										
<b>Charges for Services</b>										
Governmental										
Administration	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	827,526
Operations	1,145,090	3,319,809	6,683,077	5,360,262	3,550,297	4,109,355	3,921,433	3,028,613	740,609	821,571
Planning & Development	82,023	99,725	-	-	-	117,340	-	758,793	4,197,729	4,312,894
Operating Grants & Contributions	503,217	572,601	656,474	635,128	661,748	1,502,698	925,011	810,853	785,409	-
Capital Grants & Contributions	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	15,587,667
<b>Total Governmental Activities Program Revenues</b>	\$ 20,725,835	\$ 40,911,525	\$ 11,943,858	\$ 26,660,434	\$ 41,631,227	\$ 14,017,767	\$ 12,408,007	\$ 22,546,739	\$ 13,613,913	\$ 21,549,658

**HERRIMAN CITY**  
**CHANGES IN NET POSITION**  
**Last Ten Fiscal Years**

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Business-Type Activities</b>										
Charges for Services	\$ 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	\$ 6,721,742
Water	-	-	-	-	-	-	-	-	-	-
Operating Grants & Contributions	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	5,269,711
Capital Grants & Contributions	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	11,991,453
<b>Total Business Type Activities Program Revenues</b>	<b>26,908,003</b>	<b>46,521,283</b>	<b>18,014,083</b>	<b>35,523,922</b>	<b>51,345,090</b>	<b>21,194,141</b>	<b>20,205,968</b>	<b>34,892,758</b>	<b>23,591,419</b>	<b>33,541,111</b>
<b>Net (Expenses) Revenue Government Activities</b>	<b>11,290,229</b>	<b>31,972,852</b>	<b>(541,771)</b>	<b>14,474,846</b>	<b>25,496,642</b>	<b>(5,684,386)</b>	<b>(5,043,907)</b>	<b>4,628,372</b>	<b>(7,012,246)</b>	<b>(225,518)</b>
<b>Business Type Activities</b>	<b>3,253,204</b>	<b>1,707,230</b>	<b>1,991,112</b>	<b>4,802,174</b>	<b>5,092,267</b>	<b>1,704,394</b>	<b>1,288,715</b>	<b>5,185,892</b>	<b>2,455,004</b>	<b>4,696,987</b>
<b>Total Primary Government Net Expenses</b>	<b>14,543,433</b>	<b>33,680,082</b>	<b>1,449,341</b>	<b>19,277,020</b>	<b>30,588,909</b>	<b>(3,979,992)</b>	<b>(3,755,192)</b>	<b>9,814,264</b>	<b>(4,557,242)</b>	<b>4,471,469</b>
<b>General Revenues and Other Changes in Net Assets</b>										
<b>Governmental Activities</b>	<b>1,215,446</b>	<b>1,506,288</b>	<b>265,030</b>	<b>401,978</b>	<b>471,777</b>	<b>475,937</b>	<b>490,937</b>	<b>581,374</b>	<b>678,146</b>	<b>598,403</b>
Property Tax levied for General Purposes	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	2,983,126
Sales and Use Tax	25,838	752,962	885,282	996,562	1,019,646	1,133,699	1,154,222	1,296,438	1,466,102	1,591,785
Franchise Tax	474,038	508,372	368,206	173,622	46,422	43,158	38,071	48,039	97,479	14,859
Unrestricted Earnings Investment	90,391	15,989	63,755	10,681	130,690	74,130	43,959	40,495	41,001	245,428
Miscellaneous	47,053	10,821	1,437,837	691,807	17,905	100,000	5,155	-	-	-
Gain (Loss) on Disposal of Capital Assets	(1,456,052)	(1,899,357)	(6,649)	-	(1,100,000)	3,728,573	3,951,882	4,351,168	4,927,473	5,433,601
Transfers	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	5,433,601
<b>Total Governmental Activities</b>	<b>114,005</b>	<b>367,476</b>	<b>1,217</b>	<b>28,495</b>	<b>19,074</b>	<b>28,905</b>	<b>43,642</b>	<b>32,791</b>	<b>41,106</b>	<b>31,998</b>
<b>Business Type Activities</b>	<b>1,456,052</b>	<b>1,899,357</b>	<b>333,782</b>	<b>55,628</b>	<b>1,100,000</b>	<b>(100,000)</b>	<b>28,905</b>	<b>43,642</b>	<b>32,791</b>	<b>31,998</b>
Unrestricted Investment Earnings	1,570,057	2,266,833	334,999	55,628	1,128,495	(80,926)	28,905	43,642	32,791	73,104
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
<b>Total Business Type Activities</b>	<b>12,648,541</b>	<b>34,242,692</b>	<b>4,213,856</b>	<b>18,420,713</b>	<b>27,719,252</b>	<b>(1,955,813)</b>	<b>(1,092,025)</b>	<b>8,979,540</b>	<b>(2,084,773)</b>	<b>5,208,083</b>
<b>Total Changes in Net Position</b>	<b>4,823,261</b>	<b>3,974,063</b>	<b>2,326,111</b>	<b>4,857,802</b>	<b>6,220,762</b>	<b>1,623,468</b>	<b>1,317,620</b>	<b>5,229,534</b>	<b>2,487,795</b>	<b>4,770,091</b>
Governmental Activities	12,648,541	34,242,692	4,213,856	18,420,713	27,719,252	(1,955,813)	(1,092,025)	8,979,540	(2,084,773)	5,208,083
Business Type Activities	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	4,770,091
<b>Total Changes in Net Position - Primary Government</b>	<b>\$ 17,471,802</b>	<b>\$ 38,216,755</b>	<b>\$ 6,539,967</b>	<b>\$ 23,278,515</b>	<b>\$ 33,940,014</b>	<b>\$ (332,345)</b>	<b>\$ 225,595</b>	<b>\$ 14,209,074</b>	<b>\$ 403,023</b>	<b>\$ 9,978,174</b>

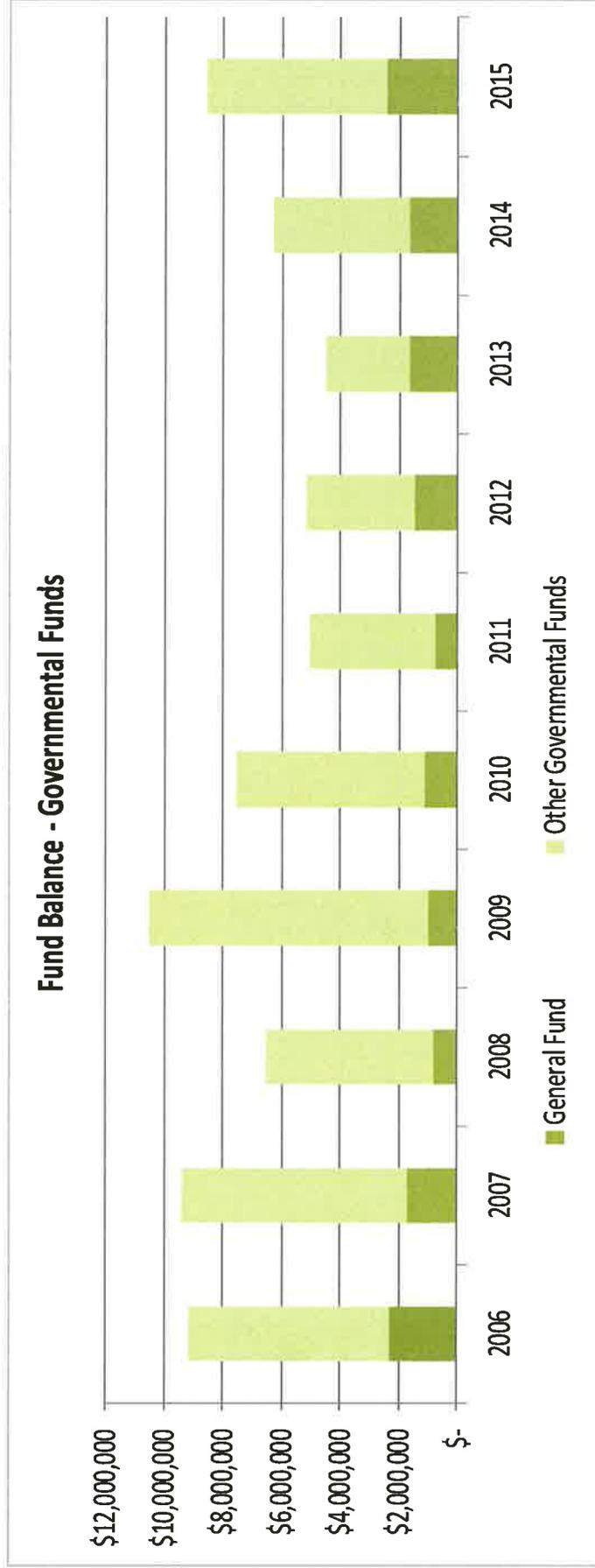
HERRIMAN CITY  
 CHANGES IN NET POSITION  
 Last Ten Fiscal Years



HERRIMAN CITY  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>General Fund</b>										
<b>Restricted</b>										
Unassigned	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	2,423,686
<b>Total General Fund</b>	\$ 2,301,931	\$ 1,691,707	\$ 848,728	\$ 1,000,947	\$ 1,121,220	\$ 747,943	\$ 1,486,741	\$ 1,667,261	\$ 1,655,215	\$ 2,423,686
<b>All Other Governmental Funds</b>										
<b>Assigned</b>										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	2,845,793
Debt Service	-	-	-	-	-	-	-	-	-	2,372
Capital Projects	-	-	-	-	-	-	-	-	-	895,924
<b>Restricted</b>										
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	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	1,935,735
Debt Service	211,986	-	-	-	6	107	242	369	574	458,199
<b>Unassigned</b>	573,863	1,112,802	312,453	1,116,784	167,921	-	-	-	2,545,552	-
<b>Total All Other Governmental Funds</b>	\$ 6,900,962	\$ 7,709,385	\$ 5,685,689	\$ 9,548,142	\$ 6,472,983	\$ 4,321,233	\$ 3,690,061	\$ 2,832,710	\$ 4,641,142	\$ 6,138,023
<b>Total Governmental Funds</b>	\$ 9,202,893	\$ 9,401,092	\$ 6,534,417	\$ 10,549,089	\$ 7,594,203	\$ 5,069,176	\$ 5,176,802	\$ 4,499,971	\$ 6,296,357	\$ 8,561,709

HERRIMAN CITY  
 FUND BALANCES OF GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years



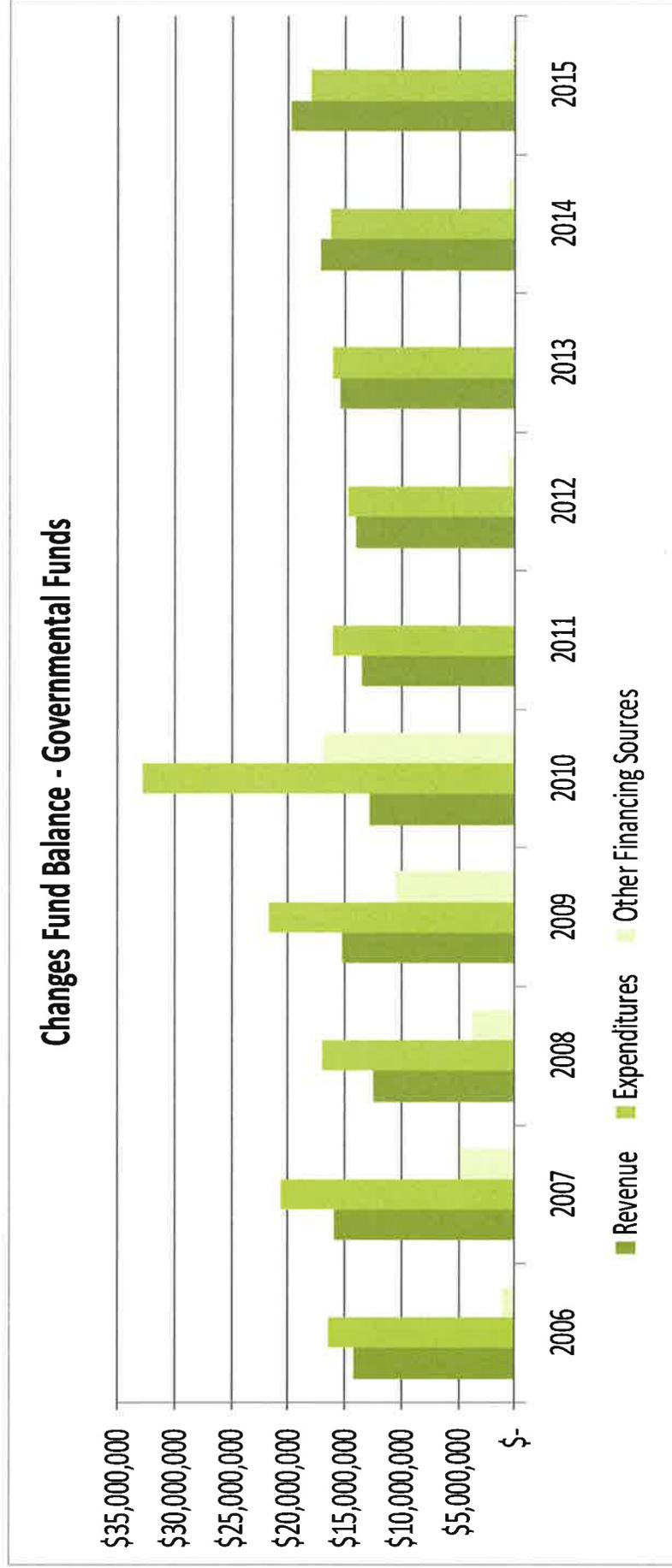
HERRIMAN CITY  
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Revenues</b>										
Property Taxes	\$ 1,226,248	\$ 1,506,288	\$ 265,030	\$ 401,978	\$ 471,777	\$ 475,937	\$ 490,937	\$ 581,374	\$ 678,146	\$ 566,619
Sales & Use Taxes	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	2,983,126
Franchise Taxes	25,838	752,962	885,281	1,002,562	840,196	882,406	910,908	1,043,846	1,466,102	1,591,785
Licenses & Permits	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	4,342,534
Intergovernmental	354,539	528,601	4,092,964	4,580,830	621,702	669,375	754,221	797,757	796,914	1,422,530
Charges for Services	340,005	451,805	533,569	4,086,939	2,638,252	5,567,587	2,814,294	1,570,322	1,185,542	1,375,669
Fines & Forfeitures	50,997	183,461	152,604	153,606	158,759	156,398	147,662	157,179	120,864	171,547
Special Assessment Revenue										
Impact Fee Revenue	5,658,304	6,245,793	2,790,710	2,007,831	836,651	1,647,483	1,910,977	2,011,906	1,174,073	1,456,676
Contributions	500	200	75		353,937		133,343	1,375,818	2,671,337	5,009,135
Grants	138,878	67,460	23,476	44,299	32,100	109,574	38,254	88,454	1,142,606	241,468
Interest Earnings	474,042	622,978	404,661	127,573	20,540	19,378	19,559	47,552	97,478	14,859
Miscellaneous Revenue	99,105	26,655	87,691	153,033	2,771,829	162,756	1,774,006	1,596,160	1,496,193	644,944
<b>Total Revenues</b>	\$ 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	\$ 19,820,892
<b>Expenditures</b>										
Current Operating										
Governmental										
General Government										
Legislative										134,828
Planning Commission										19,717
Legal										186,872
Administration										
Administration	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	813,770
Communications										
Courts										174,233
Human Resources										163,567
Recorder						134,544	197,098	243,350	285,494	211,511
Finance										194,307
Finance										419,069
Information Technology										544,931
Operations										
Facilities	150,367	240,669	262,567	249,074	352,090	253,407	221,557	246,683	346,511	359,281
Enforcement/Emergency	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	341,703
Fleet Management	59,798	60,028	82,460	115,506	160,022	143,621	143,248	158,799	174,430	181,214
Streets	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	2,435,815
Events										653,255
Parks & Cemetery	1,562,150	1,819,432	1,330,930	6,595,926	1,266,009	1,373,116	1,323,951	1,361,370	598,103	2,091,311
Planning & Development										
Building	185,837	6,100,324	519,043	398,757	533,239	528,740	577,182	832,497	474,060	561,395
Economic Development										96,309
Engineering	508,127	820,792	526,486	272,810	638,274	454,325	569,145	716,330	95,291	886,003
GIS	158,928	253,744	466,194	379,668	450,160	487,740	486,381	734,240	815,532	255,960
Planning	639,944	655,116	811,058	578,270	534,325	3,507,037	736,655	752,936	508,825	440,483
Capital Outlay	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	3,581,305
Debt Service										
Principal Retirement	2,145,000	267,000	1,240,500	66,562	416,448	1,563,551	870,000	1,875,000	1,375,625	2,320,140
Interest and Fiscal Charges	139,227	69,570	42,413				1,189,090	1,176,461	1,025,666	1,014,314
Cost of Issuance										
<b>Total Expenditures</b>	\$ 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	\$ 18,081,293
<b>Excess (Deficiency) of Revenues</b>	\$ (2,171,588)	\$ (4,690,820)	\$ (4,552,653)	\$ (6,501,406)	\$ (19,995,732)	\$ (2,625,026)	\$ (616,101)	\$ (724,144)	\$ 994,426	\$ 1,739,599

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

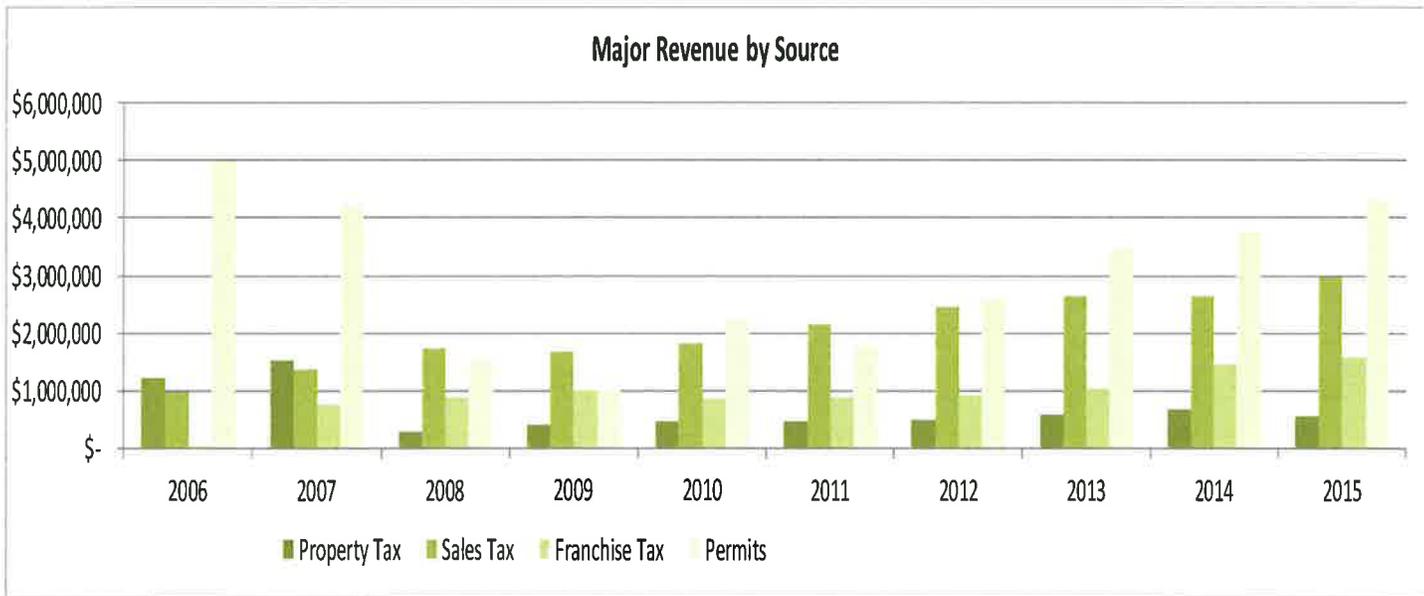
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2014
<b>Other Financing Sources</b>										
Transfers In	1,519,199	2,044,000	1,717,004	680,000	388,000	184,197	629,823	904,284	1,534,472	1,660,454
Transfers Out	(1,519,199)	(2,668,779)	(1,723,653)	(680,000)	(1,488,000)	(84,197)	(629,823)	(904,284)	(1,534,472)	(1,660,454)
Sale of Fixed Assets	123,495	5,390,483	3,116,404	2,166,377	46,872		696,188		(2,800)	245,428
Loan Proceeds	1,088,494	123,313	669,504	8,349,900	18,093,976		27,540	47,334	636,566	280,325
Bond Retired										-
Gain (loss) of Bond Refunding										-
<b>Total Other Sources</b>	1,211,989	4,889,017	3,779,259	10,516,277	17,040,848	100,000	723,728	47,334	633,766	525,753
<b>Net Change in Fund Balance</b>	(959,599)	198,197	(773,394)	4,014,871	(2,954,884)	(2,525,026)	107,627	(676,810)	1,628,192	2,265,352
<b>Fund Balance Beginning of the Year</b>	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	6,296,357
<b>Prior Period Adjustment</b>									168,195	
<b>Fund Balance End of Year</b>	\$ 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	\$ 8,561,709
<b>Debt Service as a percent of Non-Capital Expenditures</b>	47.23%	11.11%	27.20%	11.07%	2.20%	14.35%	17.57%	28.97%	19.70%	25.70%

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



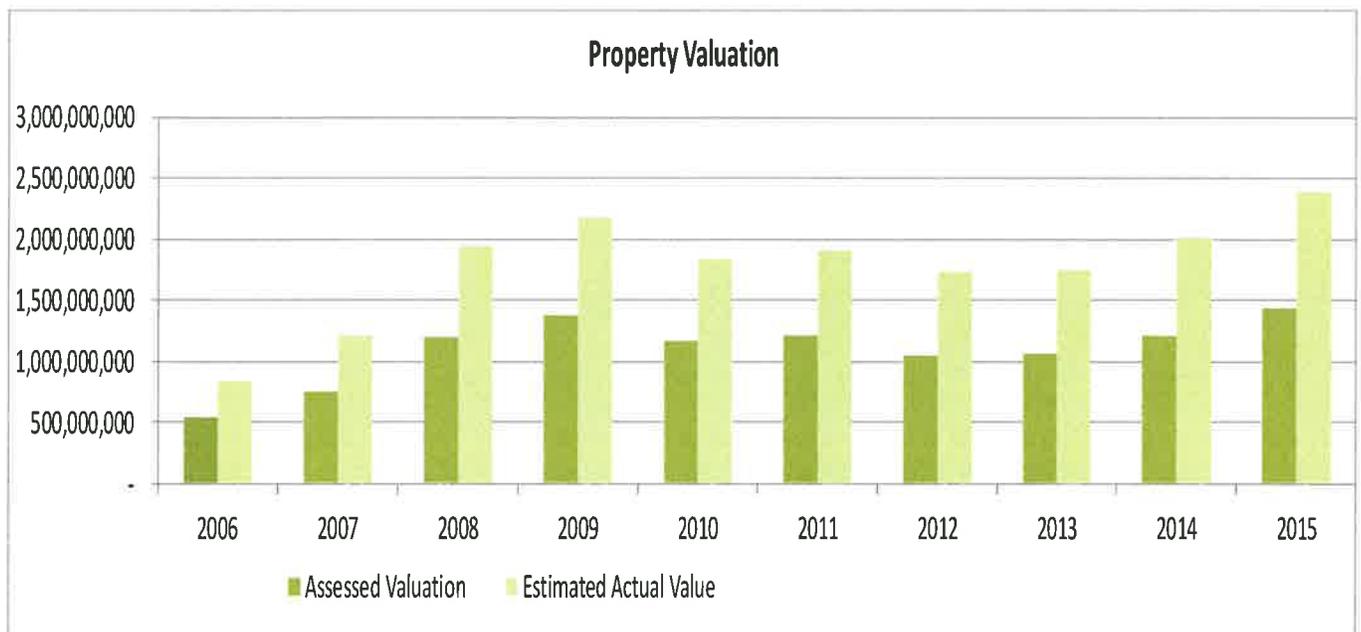
HERRIMAN CITY  
 GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE  
 Last Ten Fiscal Years

Fiscal Year	Property Taxes	Sales & Use Tax	Franchise Tax	Permits
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
2015	566,619	2,983,126	1,591,785	4,342,534



HERRIMAN CITY  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 June 30, 2015

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
2015	1,171,923,644	143,727,989	66,018,456	590,550	5,505,780	28,699,518	13,588,555	2,571,847	1,432,626,339	0.3610	2,391,472,957	0.599056048



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 assess 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, 2015

Fiscal Year	Direct		Overlapping Rates										Total Direct & Overlapping Rates
	Herriman City	Salt Lake County		Jordan Valley						Jordan School District			
	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		
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	
2015	0.3610	2.5310	0.6830	2.0000	2.0420	0.4000	0.3540	0.4050	0.0190	6.8720		15.6670	

**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.**

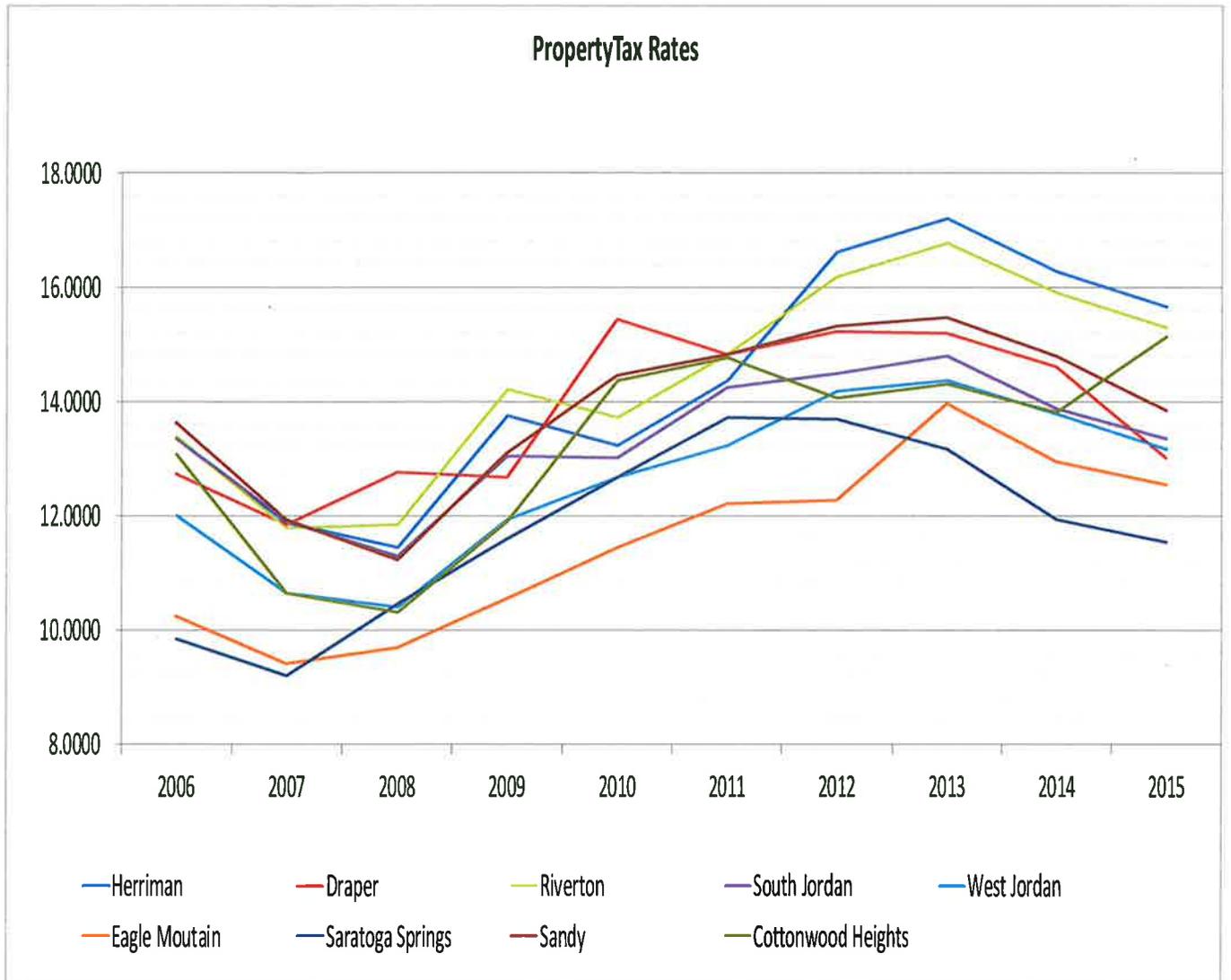
**Tax rates listed are per \$1,000 of assessed value.**

**TOTAL DIRECT AND OVERLAPPING TAX RATES**

	Cottonwood								
	Herriman	Draper	Riverton	S Jordan	W Jordan	Eagle Mtn	Saratoga Springs	Sandy	Heights
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
2015	15.6670	13.0080	15.3060	13.3460	13.1610	12.5670	11.5350	13.8510	15.1490

Source: Utah Division of Property Tax

HERRIMAN CITY  
 PROPERTY TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS  
 June 30, 2015



HERRIMAN CITY  
 PRINCIPAL PROPERTY TAXPAYERS  
 June 30, 2015

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%
<b>Total</b>	<b>\$ 109,904,719</b>		<b>9.07%</b>	<b>\$ 23,788,548</b>		<b>5.97%</b>

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
2006	1,320,415	1,244,998	94.29%	-	1,244,998	94.29%
2007	336,932	308,754	91.64%	19,608	328,362	97.46%
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%	11,652	475,495	98.97%
2014	477,332	468,400	98.13%	11,160	479,560	100.47%
2015	509,116	501,149	98.44%		501,149	98.44%

**Source: Utah State Tax Commission**  
**2014 and 2015 receipts do not include Tax Incentive Funds received by the Community Development Agency.**

HERRIMAN CITY  
 SALES TAX RATES  
 DIRECT AND OVERLAPPING GOVERNMENTS

	Direct Tax Rate		Overlapping Tax Rate					Total Sales Tax Rate
	Sales Tax Rate	Local Sales Tax Rate	Mass Transit Tax Rate	Additional Mass Transit Tax Rate	County Option Transit Tax Rate	Botanical, Cultural, Zoo Tax Rate	County Option Tax Rate	
2006	4.75%	1.00%	0.25%	0.25%		0.10%	0.25%	6.60%
2007	4.75%	1.00%	0.25%	0.25%	0.25%	0.10%	0.25%	6.85%
2008	4.65%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.80%
2009	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2010	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2011	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2012	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2013	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2014	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%
2015	4.70%	1.00%	0.30%	0.25%	0.25%	0.10%	0.25%	6.85%

**Note: Overlapping rates are those of local and county governments that apply to sales within Herriman City. The City receives fifty percent of the sales tax rate directly with the balance being distributed on a per capita basis.**

HERRIMAN CITY  
 SALES TAX DISTRIBUTION  
 Last Ten Fiscal Years

	Total Point of Sales	50% of State Wide POS/POP Pool	Remainder of POS	Less Adjustments and Administration	Total Distribution
2006	\$ -	\$ -	\$ -	\$ -	\$ 872,451
2007	-	-	-	-	1,329,258
2008	-	-	-	-	1,619,083
2009	-	-	-	-	1,731,611
2010	-	-	-	-	1,615,111
2011	-	-	-	-	1,825,910
2012	-	-	-	-	2,187,346
2013	1,010,388	1,895,935	505,194	52,892	2,348,237
2014	1,072,138	2,123,167	536,069	54,983	2,604,253
2015	1,225,997	2,362,009	612,998	54,650	2,920,358

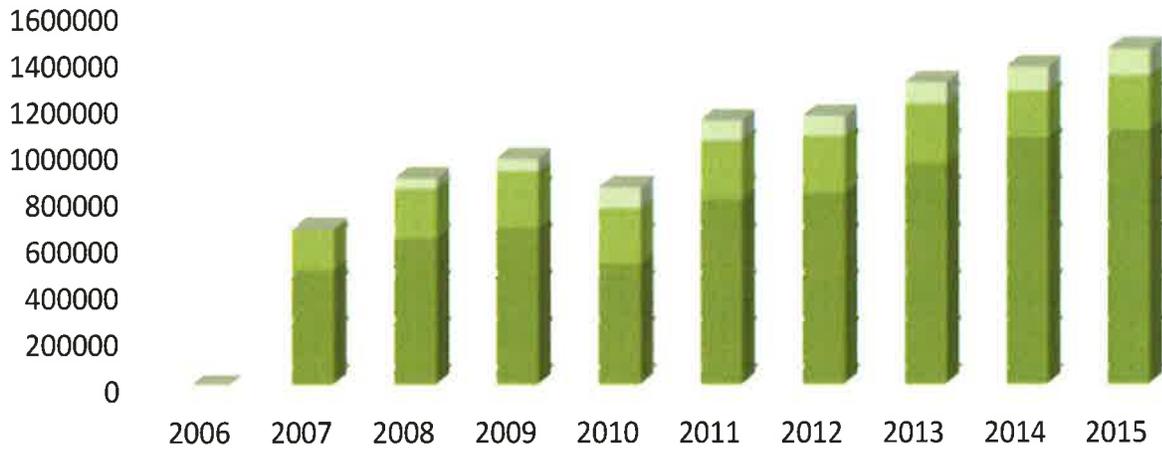
HERRIMAN CITY  
 SALES TAXPAYERS  
 Last Ten Fiscal Years

Taxpayer	2015		2006	
	Rank	Percentage of Total Sales Tax Collections	Rank	Percentage of Total Sales Tax Collections
Smith's Food and Drug	1	4.81%		
Utah State Tax Commission	2	1.78%		
Utah Power and Light	3	1.66%		
WalMart Market	4	1.63%		
Questar Gas Company	5	1.08%		Not Available
Beef Hollow	6	0.61%		
Verizon Wireless	7	0.49%		
Herriman McDonalds	8	0.47%		
Maverik Inc.	9	0.42%		
WalGreens	10	0.37%		
<b>Total</b>		<b>13.32%</b>		<b>0.00%</b>

HERRIMAN CITY  
 FRANCHISE TAX REVENUE  
 Last Ten Fiscal Years

	Energy	Telephone	Cable TV	Total
2006	\$ -	\$ -	\$ -	\$ -
2007	496,989	173,752	-	670,741
2008	632,143	212,133	41,830	886,106
2009	677,437	239,422	53,734	970,593
2010	521,062	239,470	88,021	848,553
2011	797,077	251,294	85,689	1,134,060
2012	822,918	243,314	87,990	1,154,222
2013	951,409	252,593	92,437	1,296,439
2014	1,060,260	198,922	102,259	1,361,441
2015	1,093,716	231,147	114,221	1,439,084

Franchise Tax



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

Fiscal Year	Governmental Activities										Business-Type Activities				Percentage of Personal Income Per Capita
	General					Special					Water Bonds	Purchase Agreement	Capital Leases	Total Primary Government	
	Obligation Bonds	Excise Tax Bonds	Sales Tax Bonds	Revenue Bonds	Assessment Bonds	Purchase Agreement	Capital Leases	Water Bonds	Purchase Agreement	Capital Leases					
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	603,738	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	603,738	46,156,703	3.69%	1,558	
2014	-	-	7,250,000	-	14,915,000	721,875	97,104	21,275,659	1,025,613	203,457	1,025,613	45,488,708	Not Available	1,476	
2015	-	-	7,025,000	-	12,995,000	581,250	344,583	22,522,000	337,663	198,068	337,663	44,003,564	Not Available	1,401	

HERRIMAN CITY  
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
 As of June 30, 2015

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Central Utah Water Conservancy District	\$ 765,049,390	2.60%	\$ 19,891,284
Jordan School District	93,538,103	12.50%	11,692,263
Jordan Valley Water Conservancy District	228,550,877	18.70%	42,739,014
Salt Lake County	614,230,181	2.85%	17,530,563
South Valley Sewer District	99,397,422	2.60%	2,584,333
Unified Fire Service Area	30,115,000	11.61%	3,495,987
Salt Lake Valley Law Enforcement	-		-
Sub-Total Overlapping Debt	<u>1,830,880,973</u>		<u>97,933,445</u>
Herriman City Direct Debt	<u>21,067,726</u>		<u>21,067,726</u>
Total Direct and Overlapping Debt	<u>\$ 1,851,948,699</u>		<u>\$ 119,001,171</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
<b>GOVERNMENTAL DEBT</b>										
Debt Limit	\$ 21,774,007	\$ 30,205,617	\$ 48,085,461	\$ 55,034,293	\$ 47,005,863	\$ 48,817,675	\$ 42,182,624	\$ 42,302,460	\$ 48,473,228	\$ 57,305,054
Total Net Debt Applicable to Limit										
Legal Margin	\$ 21,774,007	\$ 30,205,617	\$ 48,085,461	\$ 55,034,293	\$ 47,005,863	\$ 48,817,675	\$ 42,182,624	\$ 42,302,460	\$ 48,473,228	\$ 57,305,054
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value		\$ 1,432,626,339
Add Back: Exempt Real Property		-
Total Assessed Value		1,432,626,339
Debt Limit		
General Debt 4%		57,305,054
Total Debt Limit		57,305,054
Debt Applicable to Limit:		
General Bonds		-
Less:		
Amount Set Aside for Repayment		-
Total Net Debt Applicable to Limit		-
Legal Debt Margin		\$ 57,305,054

**BUSINESS-TYPE DEBT**

Debt Limit	\$ 43,548,015	\$ 60,411,234	\$ 96,170,922	\$ 110,068,587	\$ 94,011,726	\$ 97,635,350	\$ 84,365,248	\$ 84,604,921	\$ 96,946,457	\$ 114,610,107
Total Net Debt Applicable to Limit										
Legal Margin	\$ 43,548,015	\$ 60,411,234	\$ 96,170,922	\$ 110,068,587	\$ 94,011,726	\$ 97,635,350	\$ 84,365,248	\$ 84,604,921	\$ 96,946,457	\$ 114,610,107
Total Net Debt Applicable to the Limit as a Percentage of	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation for Fiscal Year 2014**

Assessed Value		\$ 1,432,626,339
Add Back: Exempt Real Property		-
Total Assessed Value		1,432,626,339
Debt Limit		
Water 8%		114,610,107
Total Debt Limit		114,610,107
Debt Applicable to Limit:		
Bonds		-
Less:		
Amount Set Aside for Repayment		-
Total Net Debt Applicable to Limit		-
Legal Debt Margin		\$ 114,610,107

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	Principal	Interest	Total	Coverage
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
2015	4,565,189	-	-	4,565,189	225,000	360,453	585,453	7.80

**SAA Bond**

Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	Principal	Interest	Total	Coverage
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
2015	3,847,346	-	-	3,847,346	750,000	674,345	1,424,345	2.70

**Water Revenue Bonds**

Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	Principal	Interest	Total	Coverage
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
2015	8,802,703	-	3,997,841	4,804,862	666,000	720,265	1,386,265	3.47

HERRIMAN CITY  
 DEMOGRAPHIC AND ECONOMIC STATISTICS  
 Last Ten Fiscal Years

<b>Fiscal Year</b>	<b>Population</b>	<b>Per Capita Income</b>	<b>Personal Income</b>	<b>Unemployment Rate</b>
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	42,189	1,249,511,613	5.00%
2014	30,816	Not Available	Not Available	3.50%
2015	31,409	Not Available	Not Available	3.30%

**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	2015		2006	
	Employees	Rank	Employees	Rank
Butterfield Canyon Elementary	100-249	1		
Copper Mountain Middle School	100-249	2		
Fort Herriman Middle School	100-249	3		
Herriman Elementary	100-249	4		
Herriman High School	100-249	5	Not Available	
Providence Hall	100-249	6		
Smith's Food & Drug	100-249	7		
Herriman City	100-249	8		
Multiple Employers	50-99	9		

**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**  
**FULL-TIME EQUIVALENT EMPLOYEES**  
**Last Ten Fiscal Years**

<b>Functional Areas</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>
<b>General Government</b>										
Elected Officials	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.50
<b>Administration</b>										
Administration	5.85	6.89	6.65	5.5	5.16	4.79	4.73	6.86	8.68	5.18
Communications										0.63
Courts	0.09	1.23	1.23	1.22	1.7	1.77	1.78	1.76	1.7	1.54
Human Resources				1	1	1.26	1.47	1.5	1.52	0.77
Recorder	1.5	1	1.05	1	1.02	1	1	1	1.31	2.32
Total Administration	7.44	9.12	8.93	8.72	8.88	8.82	8.98	11.12	13.21	10.44
<b>Finance</b>										
Finance	1.57	1.83	2.99	2.89	2.69	2.77	3.01	2.43	2.6	3.03
Information Technology										1.09
Total Finance	1.57	1.83	2.99	2.89	2.69	2.77	3.01	2.43	2.6	4.12
<b>Operations</b>										
Facilities	1.07	1.94	1.55	1.89	1.89	2.85	2.65	2.53	3.4	3.39
Enforcement/Emergency Services				0.1	0.1	0.1	0.1	0.1	0.1	0.10
Fleet Management	0.39	0.83	2.11	2.14	2.22	2.29	2.26	2.28	2.18	2.28
Street Maintenance	2.17	4.12	5.53	5.05	6.02	7.66	7.98	8.63	8.27	10.55
Community Events and Recreation	1.06	1.53	1.91	4.3	4.55	4.42	4.56	4.85	5.75	6.50
Parks/Cemetery	12.51	13.54	13.97	11.92	10.96	11.03	11.58	10.41	12.44	14.96
Total Operations	17.2	21.96	25.07	25.4	25.74	28.35	29.13	28.8	32.14	37.78
<b>Planning &amp; Development</b>										
Building	5.89	7.06	7.28	3.92	4.93	4.16	4.04	4.63	4.75	5.66
Economic Development				0.12	0.5	0.5	0.5	0.25	0.75	0.52
Engineering	8.06	8.63	7.14	6.01	5.15	7.1	7.02	6.11	5.87	6.83
GIS	1	1.33	3.21	3.16	4.03	4.1	4.58	5.95	5.55	3.49
Planning	2	3.92	3.7	3.27	3.51	3.71	3.94	3.25	3.26	4.11
Total Planning & Development	16.95	20.94	21.33	16.48	18.12	19.57	20.08	20.19	20.18	20.60
<b>Water</b>	7.88	8.66	9.86	10.01	10.02	9.45	9.75	12.88	12.06	13.65
<b>Total Full-Time Equivalent Units</b>	<b>52.54</b>	<b>64.01</b>	<b>69.68</b>	<b>65</b>	<b>66.95</b>	<b>70.46</b>	<b>72.45</b>	<b>76.92</b>	<b>81.69</b>	<b>88.09</b>

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.

HERRIMAN CITY  
 OPERATING INDICATORS  
 Last Ten Fiscal Years

Function	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015							
<b>Municipal Court</b>																	
Traffic Cases Filed	-	1,457	2,025	1,926	1,716	1,399	1,995	2,022	1,368	2,001							
Traffic Cases Disposed	-	1,447	2,018	2,025	1,634	1,445	1,857	2,115	1,306	2,136							
Criminal Cases Filed	-	73	121	126	148	176	223	194	173	173							
Criminal Cases Disposed	-	53	107	119	156	167	175	173	173	152							
Small Claims	-	11	27	14	10	40	24	26	27	38							
<b>Streets</b>																	
Storm Drain (linear feet)										349,442							
Street Signs										2,306							
Streets (lane miles)										260							
<b>Parks, Recreation and Trails</b>																	
Parks										43							
Turf and Sports Fields (acres)										127							
Trees										4,374							
Park Strips (acres)										26							
<b>Water Used</b>																	
Culinary (million gallons)										170,500							
Secondary (million gallons)										61,307							
Asphalt and Concrete Trails (miles)										20.34							
Unpaved Equestrian Trails (miles)										6.33							
Primitive Trails (miles)										7.16							
Maintained Open Space (acres)										141							
Non-maintained Open Space (acres)										658							
Fences (miles)										22.60							
<b>Building</b>																	
Single Family			83	32	154	201	319	445	421	400							
		\$	1,474,547	\$	518,727	\$	2,461,274	\$	3,028,626	\$	4,813,857	\$	6,601,388	\$	6,061,122	\$	6,108,369
Condos, Townhomes			32	26	-	2	14	28	47	71							
		\$	142,169	\$	359,481	\$	-	\$	67,449	\$	328,077	\$	931,234	\$	1,590,035	\$	3,164,574
Basement			100	45	66	83	79	93	135	117							
		\$	22,303	\$	9,720	\$	15,239	\$	18,266	\$	17,190	\$	20,295	\$	29,284	\$	26,591
Detached Garage/Barns			25	16	15	20	13	12	23	15							
		\$	13,403	\$	21,661	\$	8,816	\$	9,286	\$	12,906	\$	8,826	\$	12,382	\$	5,876
Commercial			7	11	12	22	14	19	30	44							
		\$	127,431	\$	31,280	\$	401,939	\$	228,509	\$	202,642	\$	528,725	\$	320,135	\$	378,549
Other			131	82	122	151	129	218	265	260							

HERRIMAN CITY  
 OPERATING INDICATORS  
 Last Ten Fiscal Years

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<b>Water</b>										
Water Gallons Billed (in thousands)										
Cullinary							1,285,656	1,428,877	1,345,948	1,260,089
Secondary								57,547	89,768	88,664
Water Connections										
Cullinary							5,888	5,911	6,950	7,570
Secondary							113	1,014	1,360	1,471

\*Records have not been maintained on all areas but with begin to accumulate going forward.

# Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation

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## **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 Members of City Council  
Herriman City, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Herriman City ("the City") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 12, 2015.

### ***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 over financial reporting 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 financial reporting 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 over financial reporting that we consider to be

material weaknesses. However, material weaknesses may exist that have not been identified.

### ***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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying Schedule of Findings and Responses as item 15-1.

### ***Management's Response to Finding***

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### ***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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 12, 2015

# Hansen, Bradshaw, Malmrose & Erickson

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

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

### *Report On Compliance with General State Compliance Requirements and for Each Major State Program*

We have audited 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 or each of its major state programs for the year ended June 30, 2015.

General state compliance requirements were tested for the year ended June 30, 2015 in the following areas:

Budgetary Compliance	Fund Balance
Justice Courts	Enterprise Fund Transfers,
Utah Retirement Systems	Reimbursements, Loans, and Services
Cash Management	Government Records Access
Tax Levy Revenue Recognition	Management Act (GRAMA)
Open and Public Meetings Act	Nepotism
Impact Fees	Conflicts of Interest

The City received state funding from the following programs classified as major programs for the year ended June 30, 2015:

B&C Road Funds (UDOT)

### *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 state programs 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 and for each major state program. However, our audit does not provide a legal determination of the City's compliance.

### *Opinion on General State Compliance Requirements and Each Major State Program*

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 or on each of its major state programs for the year ended June 30, 2015.

### *Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which is described in the accompanying Schedule of Findings and Responses as item 15-1. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was 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 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 by 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

We noted a matter involving internal control over compliance which we are submitting for your consideration. This matter is described in the accompanying Schedule of Findings and Responses as item 15-1.

The City's response to the internal control finding identified in our audit is described in the accompanying Schedule of Findings and Responses. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### ***Purpose of This Report***

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *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 Herriman City as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated November 12, 2015, 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.

Hansen, Bradshaw, Malmrose & Erickson, P.C.

November 12, 2015

**HERRIMAN CITY, UTAH**  
**Schedule of Expenditures of State Awards**  
**For the Year Ended June 30, 2015**

Grant Name	Award/Contract# if applicable	Year of Last Audit	Expenditures
<b><u>Utah Department of Transportation</u></b>			
Class "C" Road Funds		2015	\$ 804,157
Subtotal - Utah Department of Transportation			<u>804,157</u>
<b><u>Utah Commission on Criminal and Juvenile Justice</u></b>			
Alcohol Allotment			<u>18,022</u>
<b>Total Grant, Contract, and Loan Fund Expenditures</b>			<b><u><u>\$ 822,179</u></u></b>

**HERRIMAN CITY, UTAH**  
**Schedule of Findings and Responses**  
**For the Year Ended June 30, 2015**

**State Compliance Finding**

Requirement/Program

Current Year Findings

15-1 Budgetary Compliance

Finding: State law, *Utah Code 10-6-123*, requires that officers and employees of an entity shall not incur expenditures in excess of the total appropriation for any department or fund. For the year ended June 30, 2015, expenditures exceeded budgeted amounts in the following fund:

<u>Fund</u>	<u>Department/Category</u>	<u>Amount over Budget</u>
Road Impact Fee		
Capital Projects		
Fund	Total expenditures	\$151,494

Recommendation: The City should monitor the status over expenditures as compared to the budget through the year, and amend the budget as necessary to ensure compliance with State Code.

Management's Response: Management will monitor expenditures throughout the year and amend the budget as needed to ensure compliance with State Code.