

HERRIMAN, UTAH

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**



Prepared by:

Alan W. Rae
Finance Director

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INTRODUCTORY SECTION



November 08, 2016

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, 2016.

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, 2016.

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, 2016 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, 2016, 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.

For the last two years sales tax has increased at a rate of 12% a year. However, the largest share of that growth has come from the state wide pool which is made up of half of the 1% local sales tax and distributed on population. Herriman City population is growing at a very fast pace. We are now starting to see some major commercial interest in the City.



- WalMart announced that they will be building a super store in our boundaries. The store will be located in a significant retail center.
- REAL Salt Lake professional soccer team has announced and begun construction of a \$50 million dollar practice and minor league facility. The facility will include a stadium, two indoor practice fields, and several outdoor fields. The project will also include a 200 student STEM charter school.
- Herriman's City Hall and park are under construction along with the associated commercial center. It is expected to be completed in August of 2017

We have experienced tremendous growth in sales and franchise taxes in recent years. Property taxes received by the City are very small and do not represent a significant source of revenue.

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.

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 16.3% 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

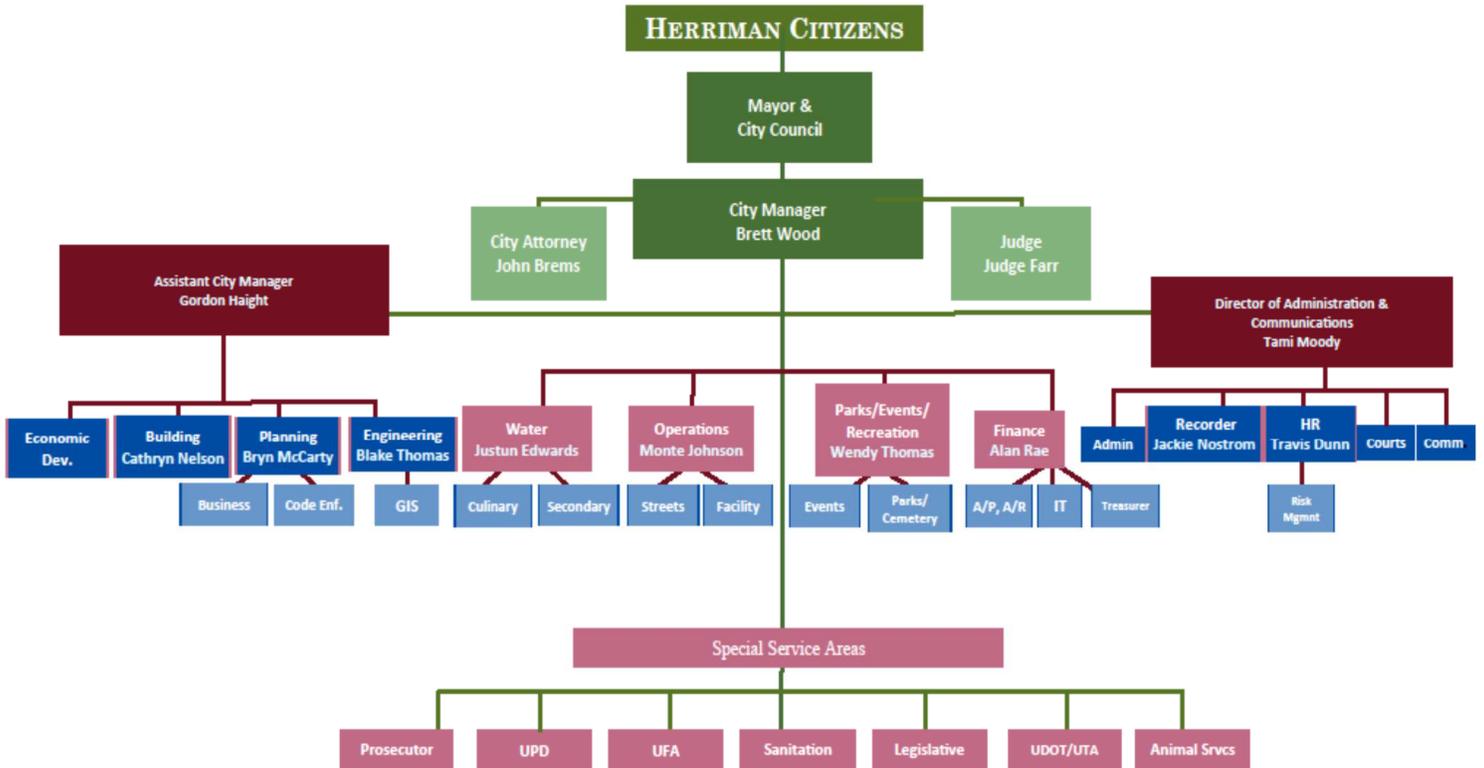
- Herriman City's accounting system will maintain records in accordance with accounting standards and principles outlined in the Government Accounting Standards Board (GASB) and the State of Utah.
- Financial reports are printed monthly and distributed to the City Manager and Department Heads. Financial 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.
- 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

ORGINATIONAL CHART



Elected Officials

Mayor.....	Carmen Freeman
City Council Member.....	Craig Tischner
City Council Member.....	Coralee Wessman-Moser
City Council Member.....	Jared Henderson
City Council Member.....	Nicole Martin



*Back Row: Craig Tischner, Mayor Carmen Freeman, Jared Henderson
Front Row: Coralee Wessman-Moser, Nicole Martin*

APPOINTED OFFICIALS AND DIRECTORS

City Manager.....	Brett Wood
Assistant City Manager/Director of Planning and Development.....	Gordon Haight
City Recorder.....	Jacquelyn Nostrom
City Treasurer... ..	Leslie Anglin
City Attorney.....	John Brems
City Engineer.....	Blake Thomas
Director of Administration and Communications.....	Tami Moody
Director of Finance.....	Alan Rae
Director of Operations.....	Monte Johnson
Director of Parks, Recreation & Events	Wendy Thomas
Director of Water Operations	Justin Edwards



FINANCIAL SECTION

Hansen, Bradshaw, Malmrose & Erickson

A Professional Corporation
CERTIFIED PUBLIC ACCOUNTANTS

559 West 500 South
Bountiful, Utah 84010
801-296-0200
Fax 801-296-1218

INDEPENDENT AUDITORS' REPORT

E. Lynn Hansen, CPA
Clarke R. Bradshaw, CPA
Gary E. Malmrose, CPA
Edwin L. Erickson, CPA
Michael L. Smith, CPA
Jason L. Tanner, CPA
Robert D. Wood, CPA

Aaron R. Hixson, CPA
Ted C. Gardiner, CPA
Jeffrey B. Miles, CPA

Members of the
American Institute
of Certified Public
Accountants

Members of the
Private Company
Practice Section

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, 2016, 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, 2016, 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 16-24, budgetary comparison information on pages 68-70, and the pension schedules on pages 71-72 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 and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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, budgetary comparison information, and the Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates 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, budgetary comparison information, and the Schedule of Expenditures of Federal Awards 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 October 31, 2016 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.

October 31, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fiscal Year Ended June 30, 2016

This narrative overview and analysis is presented for readers of Herriman City's financial statements for the fiscal year ended June 30, 2016. It contains an overview and analysis of the financial position and results of operation as of and for the twelve months ended June 30, 2016. 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 \$254,828,858 (net position). Net position increased by \$28,165,887 for the current year.
- As of the close of the 2016 fiscal year, Herriman City's governmental funds reported combined ending fund balances of \$29,868,060 with approximately 8.3% of this total amount, \$2,482,501 in the General Fund. Of the combined total fund balance, \$2,482,501 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 \$2,482,501 or 17.4% 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 \$58,815, increasing fund balance from \$2,423,686 to \$2,482,501.
- Total debt of Herriman City is \$68,728,041.

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.

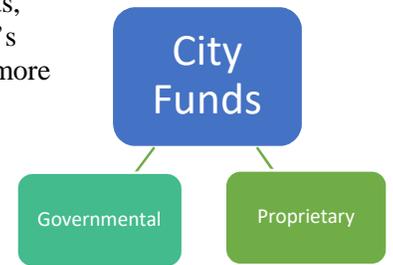
Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant *funds* - not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources of funding (revenues) and spending (expenditures) for particular 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 \$254,828,858 at the close of fiscal year 2016, an increase of \$28,165,887 from the close of fiscal year 2015.

By far the largest portion of Herriman City's net position (87.1%) 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

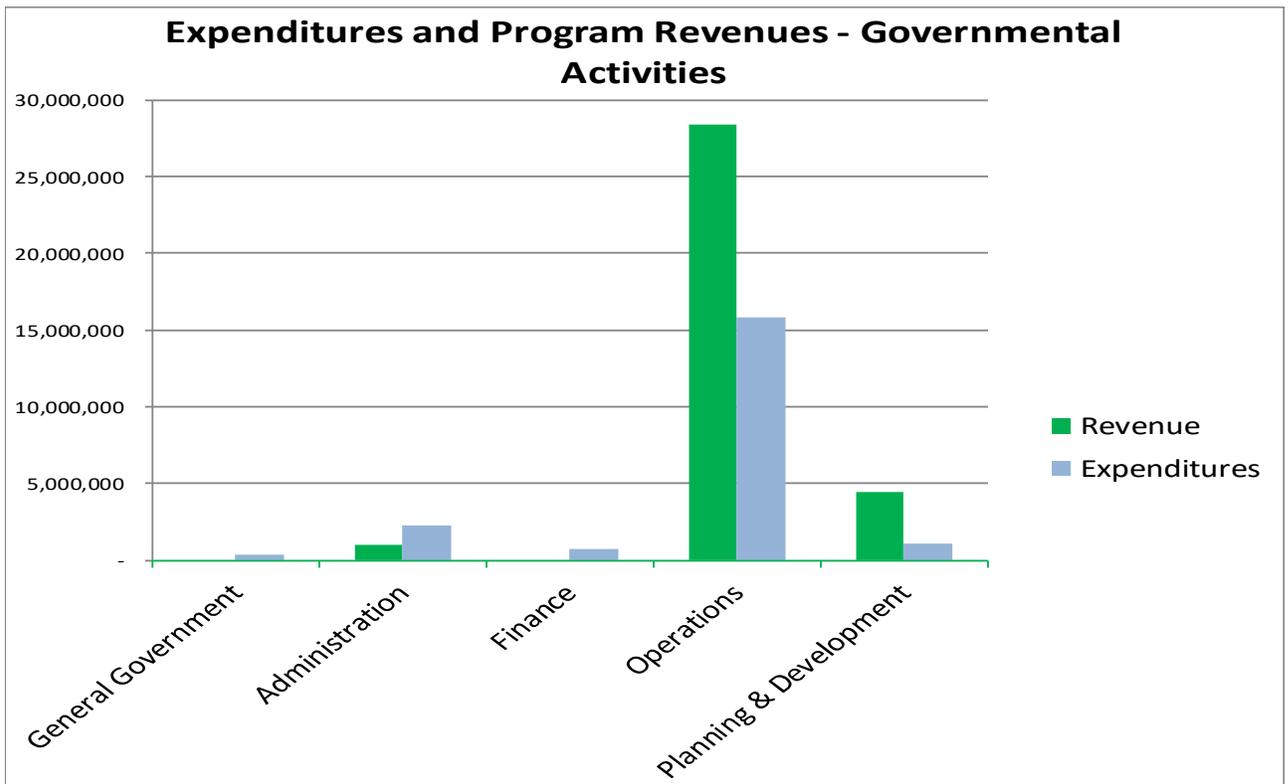
	Governmental Activities		Business-Type Activities		Total	
	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016
Current Assets	\$ 6,959,800	\$ 15,308,356	\$ 3,347,999	\$ 5,748,879	\$ 10,307,799	\$ 21,057,235
Non-Current Assets	16,936,037	31,511,954	4,775,866	7,292,443	21,711,903	38,804,397
Capital Assets	171,077,741	191,808,855	71,905,728	79,066,707	242,983,469	270,875,562
Total Assets	194,973,578	238,629,165	80,029,593	92,108,029	275,003,171	330,737,194
Deferred Outflows of Resources	347,639	1,935,034	65,952	514,855	413,591	2,449,889
Current Liabilities	2,449,561	8,125,996	2,427,160	7,775,638	4,876,721	15,901,634
Non-Current Liabilities	21,084,360	43,524,339	22,568,433	18,676,720	43,652,793	62,201,059
Total Liabilities	\$ 23,533,921	\$ 51,650,335	\$ 24,995,593	\$ 26,452,358	\$ 48,529,514	\$ 78,102,693
Deferred Inflows of Resources	188,513	215,421	35,764	40,109	224,277	255,530
Net Position						
Net Investment in Capital Assets	150,315,489	167,573,456	52,043,316	54,444,906	202,358,805	222,018,362
Restricted	2,393,934	2,496,374	4,775,391	7,292,347	7,169,325	9,788,721
Unrestricted	18,889,360	18,628,613	(1,754,519)	4,393,162	17,134,841	23,021,775
Total Net Position	\$ 171,598,783	\$ 188,698,443	\$ 55,064,188	\$ 66,130,415	\$ 226,662,971	\$ 254,828,858

Herriman City Change in Net Position

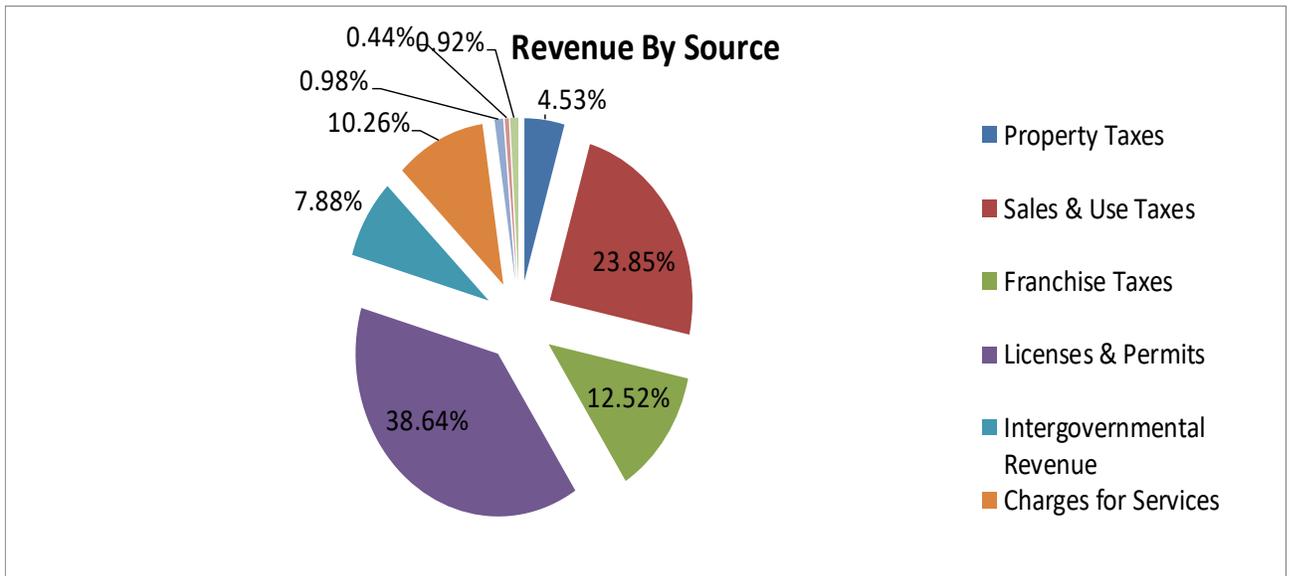
	Governmental Activities		Business-Type Activities		Total	
	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016
Program Revenues						
Charges for Services	\$ 5,961,991	\$ 6,270,380	\$ 6,721,742	\$ 7,651,498	\$ 12,683,733	\$ 13,921,878
Capital Grants and Contributions	15,587,667	27,668,303	5,269,711	12,385,722	20,857,378	40,054,025
General Revenues						
Property Tax	598,403	699,434	-	-	598,403	699,434
Sales Tax	2,983,126	3,352,430	-	-	2,983,126	3,352,430
Franchise Tax	1,591,785	1,760,349	-	-	1,591,785	1,760,349
Gain from the Sale of Assets	245,428	-	31,998	-	277,426	-
Investment Earnings	14,859	168,471	41,106	25,713	55,965	194,184
Total Revenue	26,983,259	39,919,367	12,064,557	20,062,933	39,047,816	59,982,300
Expenses						
General Government	557,998	338,309	-	-	557,998	338,309
Administration	1,499,399	2,268,368	-	-	1,499,399	2,268,368
Finance	1,055,781	744,188	-	-	1,055,781	744,188
Operations	15,504,607	15,827,140	-	-	15,504,607	15,827,140
Planning & Development	2,147,816	2,543,734	-	-	2,147,816	2,543,734
Interest on Long Term Debt	1,009,575	1,097,968	-	-	1,009,575	1,097,968
Water	-	-	7,294,466	8,996,706	7,294,466	8,996,706
Total Expenses	21,775,176	22,819,707	7,294,466	8,996,706	29,069,642	31,816,413
Increase (Decrease) in Net Position	5,208,083	17,099,660	4,770,091	11,066,227	9,978,174	28,165,887
Net Position, Beginning	165,907,993	171,598,783	50,587,206	55,064,188	216,495,199	226,662,971
Prior Period Adjustment	482,707	-	(293,109)	-	189,598	-
Net Position, Ending	\$ 171,598,783	\$ 188,698,443	\$ 55,064,188	\$ 66,130,415	\$ 226,662,971	\$ 254,828,858

Governmental activities. Governmental activities increased Herriman City’s net position by \$17,099,660. With a great deal of development going on in the City we were the beneficiary of \$14,292,455 in non-current assets contributed by developers. Revenue increased by \$12,936,108 which is also related in large portion to the growth in building permits and impact fees. The City also received \$3,877,200 in grants from the Department of Defense to procure property along the border of Camp Williams. It should be noted that both sales and franchise tax grew significantly as well with \$369,304 and \$168,564 respectively. The overall expenditures of the governmental activities increased by 4.8% compared to fiscal year 2015 primarily related to capital projects including construction of City Hall and Herriman Parkway extension.

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

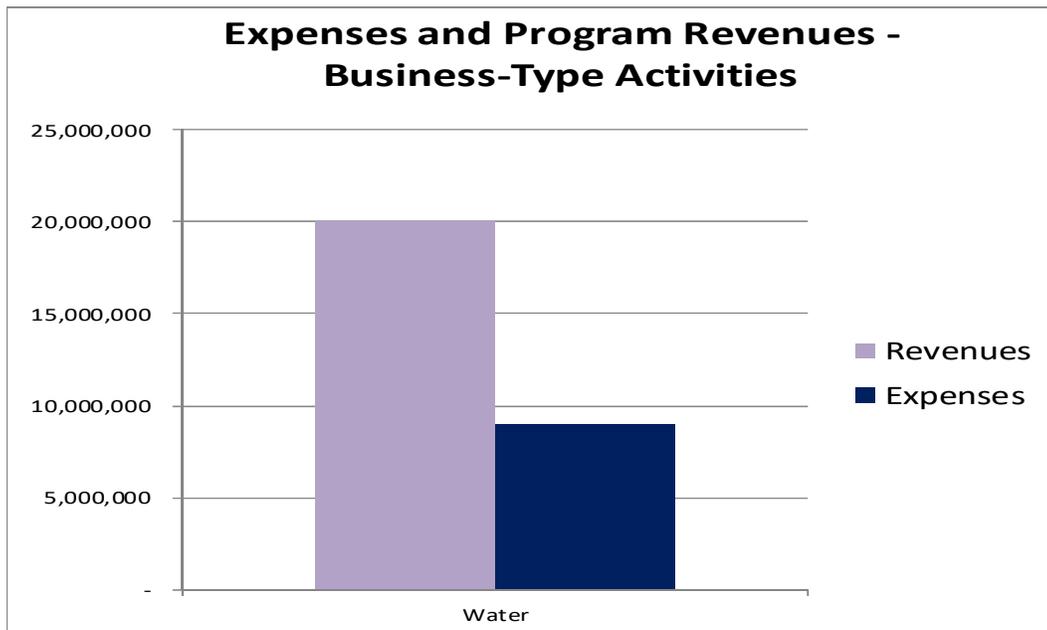


The following graph shows the source of the general fund revenues detailed in the financial statements.



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 \$11,066,227. 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 \$29,868,060, an increase of \$21,306,351 in comparison with the prior year. Most of the increase is related to bonds issued this fiscal year to fund City Hall and road projects that have not been expended at this time. The general fund is 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 2016 fiscal year, the fund balance of the general fund was \$2,482,501. 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 17.4% of total budgeted general fund revenues. During the current fiscal year \$2,217,616 was transferred from the General Fund to the Herriman Towne Center – City Hall Fund.

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 \$27,385,559 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 \$4,393,163.

Governmental Funds Highlights

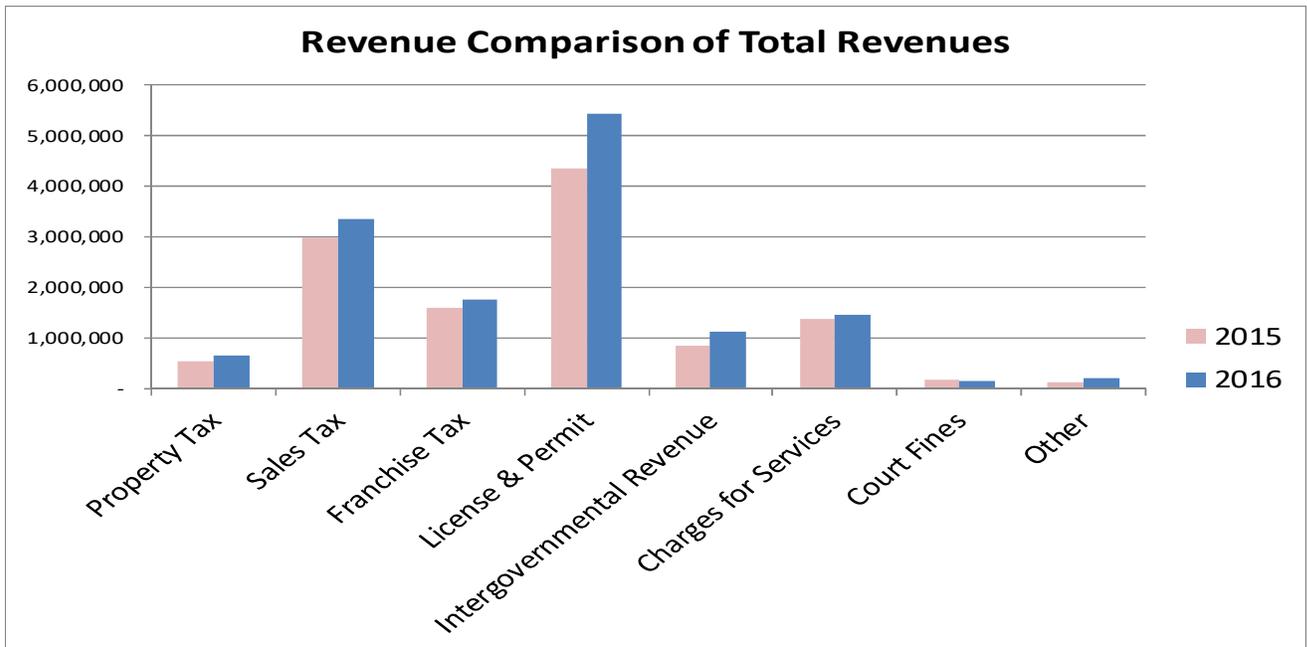
FYE 2016 budget reflected an improving economy with growth related revenue beginning to rebound.

Adjusted revenues include the following:

- Increase in sales tax of \$369,304
- Increase in franchise tax of \$168,564
- Licenses & permits increased by \$1,088,715
- Park impact fee revenue increased by \$3,459,159*
- Road impact fee revenue increased by \$2,035,547*
- Storm drain special revenue fees increased \$237,924
- Street light special revenue fees increased by \$38,075

*Growth in Park and Road Impact Fees were aided by advanced impact fees paid by Wasatch Development in the amount of \$1,600,894 and \$1,400,000 respectively.

The following graph shows changes in revenue between 2015 and 2016 as a percent of total revenue.



During the year general fund revenues exceeded expenditures by \$3,046,582 before other financing sources and revenues exceeded expenditures by \$58,815 after other financing sources and uses which included transfers to the Herriman Towne Center-City Hall Fund in the amount of \$2,217,616.

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, 2016, amounts to \$270,875,361 (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 50-51 of the financial statements.

	Herriman City Net Capital Assets					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016
Land and Water Rights	\$ 72,177,138	\$ 90,094,998	\$ 13,488,921	\$ 16,502,531	\$ 85,666,059	\$ 106,597,529
Construction in Progress	209,156	5,819,435	5,754,645	609,385	5,963,801	6,428,820
Buildings	4,148,599	3,958,513	43,557	42,098	4,192,156	4,000,611
Improvements	93,220,177	824,634	-	85,126	93,220,177	909,760
Automobiles & Trucks	461,532	345,298	248,053	219,019	709,585	564,317
Machinery & Equipment	861,139	90,765,977	115,375	61,608,548	976,514	152,374,525
Infrastructure	-	-	52,255,177	-	52,255,177	-
Total Capital Assets	\$ 171,077,741	\$ 191,808,855	\$ 71,905,728	\$ 79,066,707	\$ 242,983,469	\$ 270,875,562

FYE 2016 major programs and projects include:

- 7530 West Street
- Herriman Parkway Extension
- Cemetery Improvements
- Zone II North Tank
- 11800 S 6000 West Water Line
- 4000 W Secondary Pump Station

Long-term debt. At year-end the City had \$68,728,041 in bonds and notes outstanding—a increase of 55.1% 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 52-56 and Note 7 Capital Leases on page 57 of the financial statements.

	Herriman City's Long Term Debt					
	Governmental Activities		Business-Type Activities		Total	
	6/30/2015	6/30/2016	6/30/2015	6/30/2016	6/30/2015	6/30/2016
Capital Leases	344,583	219,172	198,068	122,563	542,651	341,735
Purchase Agreements	581,250	440,625	281,250	140,625	862,500	581,250
Revenue Bonds	19,836,419	42,733,459	22,652,212	24,618,239	42,488,631	67,351,698
Other Debt	-	-	56,413	56,413	56,413	56,413
Compensated Absences	305,474	348,537	53,412	48,408	358,886	396,945
	<u>\$ 21,067,726</u>	<u>\$ 43,741,793</u>	<u>\$ 23,241,355</u>	<u>\$ 24,986,248</u>	<u>\$ 44,309,081</u>	<u>\$ 68,728,041</u>

Economic Factors and Next Year's Budgets and Rates

- Population growth, as measured by building permit issuance, is estimated to be 6% for FYE 2016.
- Unemployment is currently at 3.8% which is 1.7% 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 Director of Finance, 13011 S Pioneer St, Herriman City, Utah, 84096 or via e-mail bwood@Herriman.org.



BASIC FINANCIAL STATEMENTS

HERRIMAN CITY, UTAH
STATEMENT OF NET POSITION
June 30, 2016

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
CURRENT ASSETS			
Cash & Cash Equivalents	\$ 2,496,660	\$ 2,210,951	\$ 4,707,611
Receivables			
Property, Franchise and Excise Taxes	1,534,741	-	1,534,741
Special Assessment Receivable	11,197,718	-	11,197,718
Accounts Receivable	79,237	3,374,728	3,453,965
Inventory	-	163,200	163,200
Total Current Assets	<u>15,308,356</u>	<u>5,748,879</u>	<u>21,057,235</u>
NONCURRENT ASSETS			
Restricted Cash and Cash Equivalents	31,511,799	7,292,347	38,804,146
Net Pension Asset	155	96	251
Property and Equipment, net			
Land & Water Rights	90,094,998	16,502,531	106,597,529
Construction in Progress	5,819,435	609,385	6,428,820
Buildings	3,958,513	42,098	4,000,611
Machinery and Equipment	824,634	85,126	909,760
Autos & Trucks	345,298	219,019	564,317
Improvements Other than Buildings	90,765,977	61,608,548	152,374,525
Total Noncurrent Assets	<u>223,320,809</u>	<u>86,359,150</u>	<u>309,679,959</u>
TOTAL ASSETS	<u>238,629,165</u>	<u>92,108,029</u>	<u>330,737,194</u>
DEFERRED OUTFLOW OF RESOURCES			
Deferred Outflows of Resources Related to Pensions	1,170,506	198,816	1,369,322
Deferred Outflows of Resources Related to Refunding Long Term Debt	764,528	316,039	1,080,567
Total Deferred Outflows	<u>1,935,034</u>	<u>514,855</u>	<u>2,449,889</u>

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

HERRIMAN CITY, UTAH
STATEMENT OF NET POSITION
June 30, 2016

LIABILITIES

CURRENT LIABILITIES

Accounts Payable and Accrued Liabilities	2,301,340	812,219	3,113,559
Unearned Revenue	2,900,000	-	2,900,000
Current Compensated Absences	200,000	30,000	230,000
Current Purchase Agreement	140,625	140,625	281,250
Capital Leases (Less than One Year)	107,726	58,038	165,764
Bonds Payable (Less than One Year)	1,841,858	6,456,518	8,298,376
Accrued Interest	634,447	278,238	912,685
Total Current Liabilities	<u>8,125,996</u>	<u>7,775,638</u>	<u>15,901,634</u>

NONCURRENT LIABILITIES

Long Term Compensation Liability	148,537	18,408	166,945
Purchase Agreement	300,000	56,413	356,413
Capital Leases (Over One Year)	111,446	64,525	175,971
Bonds Payable (Over One Year)	40,891,601	18,161,721	59,053,322
Net Pension Liability	2,072,755	375,654	2,448,409
Total Noncurrent Liabilities	<u>43,524,339</u>	<u>18,676,721</u>	<u>62,201,060</u>

Total Liabilities	<u>51,650,335</u>	<u>26,452,359</u>	<u>78,102,694</u>
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DEFERRED INFLOWS OF RESOURCES

Deferred Inflows of Resources Related to Pensions	<u>215,421</u>	<u>40,109</u>	<u>255,530</u>
Total Deferred Inflows	215,421	40,109	255,530

NET POSITION

Net Investment in Capital Assets	167,573,456	54,444,905	222,018,361
Restricted for:			
Capital Projects	-	7,292,347	7,292,347
Debt Service	2,496,374	-	2,496,374
Unrestricted	<u>18,628,613</u>	<u>4,393,163</u>	<u>23,021,776</u>

Total Net Position	<u>\$ 188,698,443</u>	<u>\$ 66,130,415</u>	<u>\$ 254,828,858</u>
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The accompanying notes are an integral part of the financial statements.

HERRIMAN CITY, UTAH
STATEMENT OF ACTIVITIES
Fiscal Year Ended June 30, 2016

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
General Government	\$ 338,309	\$ -	\$ -	\$ -	\$ (338,309)	\$ -	\$ (338,309)
Administration	2,268,368	1,032,099	-	-	(1,236,269)	-	(1,236,269)
Finance	744,188	-	-	-	(744,188)	-	(744,188)
Operations	15,827,140	765,021	-	27,668,303	12,606,184	-	12,606,184
Community Development	2,543,734	4,473,260	-	-	1,929,526	-	1,929,526
Interest on Long Term Debt	1,097,968	-	-	-	(1,097,968)	-	(1,097,968)
Total Governmental Activities	22,819,707	6,270,380	-	27,668,303	11,118,976	-	11,118,976
Business-Type Activities							
Water	8,996,706	7,651,498	-	12,385,722	-	11,040,514	11,040,514
Total Business-Type Activities	8,996,706	7,651,498	-	12,385,722	-	11,040,514	11,040,514
	<u>\$ 31,816,413</u>	<u>\$ 13,921,878</u>	<u>\$ -</u>	<u>\$ 40,054,025</u>	<u>11,118,976</u>	<u>11,040,514</u>	<u>22,159,490</u>
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes					699,434	-	699,434
Sales and Use Taxes					3,352,430	-	3,352,430
Franchise Taxes					1,760,349	-	1,760,349
Unrestricted Investment Earnings					168,471	25,713	194,184
Total General Revenues					5,980,684	25,713	6,006,397
Changes in Net Position					17,099,660	11,066,227	28,165,887
Net Position-Beginning					171,598,783	55,064,188	226,662,971
Net Position-Ending					<u>\$ 188,698,443</u>	<u>\$ 66,130,415</u>	<u>\$ 254,828,858</u>

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

**HERRIMAN CITY, UTAH
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2016**

	<u>General Fund</u>	<u>Park Impact Fee</u>	<u>Road Impact Fee</u>	<u>Herriman Towne Center CDA/SAA</u>	<u>Herriman Towne Center-City Hall</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:								
Cash & Cash Equivalents	\$ 1,776,774	\$ -	\$ -	\$ (324,682)	\$ 460,658	\$ (938,122)	\$ 1,522,032	\$ 2,496,660
Receivables								
Property, Sales, Franchise and Excise Tax	1,534,741	-	-	-	-	-	-	1,534,741
Other Receivables	79,237	-	-	-	-	-	-	79,237
Special Assessments	-	-	-	11,197,718	-	-	-	11,197,718
Restricted Cash	89,329	3,492,083	1,505,121	2,821,056	15,079,582	8,000,000	524,628	31,511,799
Total Assets	\$ 3,480,081	\$ 3,492,083	\$ 1,505,121	\$ 13,694,092	\$ 15,540,240	\$ 7,061,878	\$ 2,046,660	\$ 46,820,155
Liabilities, Dererred Inflow of Resources and Fund Balances								
Liabilities:								
Accounts Payable	\$ 245,237	\$ -	\$ 73,315	\$ -	\$ 1,194,503	\$ 570,495	\$ 18,484	\$ 2,102,034
Accrued Liabilities	199,306	-	-	-	-	-	-	199,306
Unearned Revenue	-	-	-	-	-	2,900,000	-	2,900,000
Total Liabilities	444,543	-	73,315	-	1,194,503	3,470,495	18,484	5,201,340
Deferred Inflows of Resources								
Deferred Property Taxes	553,037	-	-	-	-	-	-	553,037
Deferred Assessments	-	-	-	11,197,718	-	-	-	11,197,718
Total Deferred Inflows of Resources	553,037	-	-	11,197,718	-	-	-	11,750,755
Fund Balances:								
Assigned	-	-	-	-	-	-	1,521,860	1,521,860
Restricted for:								
Debt Service	-	-	-	2,496,374	-	-	506,316	3,002,690
Capital Projects	-	3,492,083	1,431,806	-	14,345,737	3,591,383	-	22,861,009
Unassigned	2,482,501	-	-	-	-	-	-	2,482,501
Total Fund Balances	2,482,501	3,492,083	1,431,806	2,496,374	14,345,737	3,591,383	2,028,176	29,868,060
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 3,480,081	\$ 3,492,083	\$ 1,505,121	\$ 13,694,092	\$ 15,540,240	\$ 7,061,878	\$ 2,046,660	\$ 46,820,155

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

HERRIMAN CITY, UTAH
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
GOVERNMENTAL FUNDS
June 30, 2016

Total Fund Balances for Governmental Funds	\$ 29,868,060
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.	191,808,855
Non-Current Assets and Deferred Outflows of Resources Related to Pensions	1,170,664
Deferred Outflows of Resources Related to Refunding Bonds	764,528
Accrued Interest Payable is not reported in the funds	(634,450)
Property tax receivable is recorded when measurable and available.	553,037
Special Assessment Revenue is recognized when the levy is made and when measurable in the government funds	11,197,718
Net Pension Liabilities and Deferred Inflows of Resources Related to Pensions	(2,288,176)
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>(43,741,794)</u>
Net Position in Governmental Activities	<u>\$ 188,698,442</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, 2016

	General Fund	Park Impact Fee	Road Impact Fee	Herriman Towne Center CDA/SAA	Herriman Towne Center-City Hall	Capital Projects	Other Governmental Funds	Total Governmental Funds
Revenues:								
Property Taxes	\$ 636,261	\$ -	\$ -	\$ 19,252	\$ -	\$ -	\$ -	\$ 655,513
Sales & Use Taxes	3,352,430	-	-	-	-	-	-	3,352,430
Franchise Taxes	1,760,349	-	-	-	-	-	-	1,760,349
Licenses & Permits	5,431,249	-	-	-	-	-	-	5,431,249
Intergovernmental Revenue	1,107,025	-	-	817,810	-	3,877,200	-	5,802,035
Charges for Services	1,441,607	-	-	-	-	-	-	1,441,607
Fines & Forfeitures	137,853	-	-	-	-	-	-	137,853
SAA Assessments	-	-	-	358,831	-	-	-	358,831
Impact Fees	-	4,341,644	3,428,739	203,547	-	-	1,228,803	9,202,733
Interest Earnings	61,937	3,976	2,523	19,767	79,586	(1,339)	2,021	168,471
Miscellaneous Revenue	128,712	-	-	-	-	-	-	128,712
Total Revenues	14,057,423	4,345,620	3,431,262	1,419,207	79,586	3,875,861	1,230,824	28,439,783
Expenditures:								
General Business								
Legislative	114,612	-	-	-	-	-	-	114,612
Planning Commission	19,695	-	-	-	-	-	-	19,695
Legal	207,081	-	-	-	-	-	-	207,081
Administration								
Administration	774,053	-	-	40,569	-	-	-	814,622
Communication	234,787	-	-	-	-	-	-	234,787
Courts	181,176	-	-	-	-	-	-	181,176
Human Resources	218,467	-	-	-	-	-	-	218,467
Recorder	285,858	-	-	-	-	-	-	285,858
Finance								
Finance	430,068	-	-	-	-	-	-	430,068
Information Technology	326,105	-	-	-	-	-	-	326,105
Operations								
Facilities	374,417	-	-	-	-	-	-	374,417
Enforcement/Emergency Services	362,098	-	-	-	-	-	4,190	366,288
Fleet Management	172,439	-	-	-	-	-	-	172,439
Streets	1,925,743	-	354,140	615,000	-	-	111,109	3,005,992
Events	698,667	-	-	-	-	-	-	698,667
Parks & Cemetery	2,130,489	89,849	-	-	-	-	-	2,220,338
Planning & Development								
Building	623,177	-	-	-	-	86	-	623,263
Economic Development	164,714	-	-	-	-	-	-	164,714
Engineering	846,921	-	37,142	-	-	200,000	12,000	1,096,063
GIS	291,646	-	-	-	-	-	-	291,646
Planning	405,604	-	-	-	-	-	-	405,604
Capital Outlay	91,968	-	182,444	-	3,134,164	11,989,549	340,413	15,738,538
Debt Service								
Principal	125,411	140,625	-	755,000	-	-	225,000	1,246,036
Interest	5,645	-	-	581,393	-	-	194,917	781,955
Cost of Issuance	-	-	-	-	-	298,323	-	298,323
Total Expenditures	11,010,841	230,474	573,726	1,991,962	3,134,164	12,487,958	887,629	30,316,754
Excess (Deficiency) of Revenues Over (Under)	3,046,582	4,115,146	2,857,536	(572,755)	(3,054,578)	(8,612,097)	343,195	(1,876,971)

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

HERRIMAN CITY, UTAH
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

Other Financing Sources (Uses)								
Bond Proceeds	-	-	-	-	15,000,000	8,248,444	6,736,593	29,985,037
Transfers In	-	-	-	-	2,217,616	3,275,894	1,082,736	6,576,246
Transfers Out	(2,987,767)	(1,600,894)	(1,791,808)	-	-	(195,777)	-	(6,576,246)
Payment to Bond Escrow Trustee	-	-	-	-	-	-	(6,801,715)	(6,801,715)
Total Other Financing Sources and Uses	<u>(2,987,767)</u>	<u>(1,600,894)</u>	<u>(1,791,808)</u>	<u>-</u>	<u>17,217,616</u>	<u>11,328,561</u>	<u>1,017,614</u>	<u>23,183,322</u>
Net Change in Fund Balance	58,815	2,514,252	1,065,728	(572,755)	14,163,038	2,716,464	1,360,809	21,306,351
Fund Balances, Beginning of the Year	<u>2,423,686</u>	<u>977,831</u>	<u>366,078</u>	<u>3,069,129</u>	<u>182,699</u>	<u>874,919</u>	<u>667,367</u>	<u>8,561,709</u>
Fund Balances, End of the Year	<u>\$ 2,482,501</u>	<u>\$ 3,492,083</u>	<u>\$ 1,431,806</u>	<u>\$ 2,496,374</u>	<u>\$ 14,345,737</u>	<u>\$ 3,591,383</u>	<u>\$ 2,028,176</u>	<u>\$ 29,868,060</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, 2016

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

Net Changes in Fund Balances-Total Governmental Funds	\$ 21,306,351
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.	6,438,660
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.	14,292,455
Repayment of Principal on Long-Term Debt is an Expenditure in the Governmental Funds, but the repayment reduces Long-Term Liabilities in the Statement of Net Position	1,338,692
The issuance of long-term debt (e.g. bonds, leases) provide current financial resources to governmental funds, however it has no effect on net position. 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.	(22,440,638)
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.	43,920
Increase of Accrued Compensated Absences increases expenses in the Statement of Activities, but is not an expenditure in the Governmental Funds.	(43,063)
Special Assessments are recognized when levied and are recorded in the fund statement when measurable and available.	(2,856,792)
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.	171,428
Escrow account related to Advanced Refunding is an expenditure in fund accounting but is not in the Statement of Activities	(764,528)
Accrued Interest is not reported as an expenditure for the current period in the Governmental Funds, but is recorded in the Statement of Activities.	(386,825)
Changes in Net Position of Governmental Activities	<u>\$ 17,099,660</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, 2016

Assets	
Current Assets:	
Cash & Cash Equivalents	\$ 2,210,951
Receivables (net of allowance)	3,374,728
Inventory	163,200
Total Current Assets	<u>5,748,879</u>
Noncurrent Assets:	
Restricted Cash & Cash Equivalents	7,292,347
Net Pension Asset	96
Capital Assets:	
Land & Water Rights	16,502,531
Construction in Progress	609,385
Buildings	58,400
Machinery and Equipment	653,416
Autos and Trucks	605,735
Improvements Other than Buildings	79,731,802
Less: Accumulated Depreciation	<u>(19,094,563)</u>
Total Noncurrent Assets	<u>86,359,150</u>
Total Assets	<u>92,108,029</u>
Deferred outflows of resources	
Deferred outflows of resources related to pensions	198,816
Deferred outflows of resources related to advanced refunding	316,039
Total Deferred outflow of resources	<u>514,855</u>
Liabilities	
Current Liabilities:	
Accounts Payable	785,561
Accrued Liabilities	26,658
Accrued Interest	278,238
Current Portion of Compensated Absences	30,000
Current Portion of Purchase Agreements	140,625
Current Portion of Lease Payable	58,038
Current Portion of Bonds Payable	6,456,518
Total Current Liabilities	<u>7,775,638</u>
Noncurrent Liabilities:	
Compensated Absences Payable	18,408
Lease Payable	64,525
Purchase Agreement	56,413
Bonds Payable	18,161,721
Net Pension Liability	375,654
Total Noncurrent Liabilities	<u>18,676,721</u>
Total Liabilities	<u>26,452,359</u>
Deferred Inflows of Resources	
Deferred Inflows of resources related to pensions	<u>40,109</u>
Net Position	
Net Investment in Capital Assets	54,444,905
Restricted for:	
Capital Projects	7,292,347
Unrestricted	4,393,163
Total Net Position	<u>\$ 66,130,415</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 FUNDS-WATER FUND
For the Year Ended June 30, 2016

Operating Revenues:	
Charges for Services	\$ 7,321,211
Total Operating Revenues	<u>7,321,211</u>
Operating Expenses:	
Water Purchases	1,749,854
Salaries and Wages	990,964
Operating Supplies and Materials	547,598
Professional and Technical Services	717,445
Conferences and Travel	18,964
Insurance	20,497
Miscellaneous	33,334
Utilities	495,111
Equipment, Repairs & Maintenance	1,081,716
Depreciation	2,586,953
Total Operating Expenses	<u>8,242,436</u>
Operating Income	<u>(921,225)</u>
Nonoperating Revenues (Expenses)	
Interest Income	25,713
Impact Fees	9,149,598
Connection Fees	330,287
Cost of Bond Issuance	(164,664)
Interest Expense	(589,606)
Total Nonoperating Revenues (Expenses)	<u>8,751,328</u>
Income Before Contributions	7,830,103
Contributions	<u>3,236,124</u>
Change in Net Position	11,066,227
Total Net Position, Beginning of Year	<u>55,064,188</u>
Total Net Position, End of Year	<u>\$ 66,130,415</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, 2016

Cash Flows from Operating Activities	
Cash received from customers, service fees	\$ 4,309,237
Cash Paid to Suppliers	(5,019,007)
Cash Paid to Employees	(995,968)
Net Cash Flows from Operating Activities	<u>(1,705,738)</u>
Cash Flows from Capital and Related Financing Activities	
Long Term Debt Proceeds	11,048,036
Principal payments on long-term debt	(9,538,673)
Principal payments on long-term leases	(75,505)
Purchase of fixed assets	(6,511,807)
Impact fees	9,149,598
Connection Fees	330,287
Cost of Issuance and Fees	(164,664)
Interest and fees paid	(656,919)
Net Cash Flows from Capital and Related Financing Activities	<u>3,580,353</u>
Cash Flows from Investing Activities	
Interest on investments	25,713
Net Cash Flows from Investing Activities	<u>25,713</u>
Net Change in Cash and Cash Equivalents	1,900,328
Cash and Cash Equivalents, Beginning of the Year	<u>7,602,970</u>
Cash and Cash Equivalents, End of the Year	<u>\$ 9,503,298</u>
Reconciliation of Operating Income to Net Cash Flows from Operating Activities:	
Operating Income	\$ (921,225)
Adjustments to reconcile operating income to net cash flows from operating activities	
Depreciation/Amortization	2,586,953
Net Pension Adjustment	(27,680)
Changes in operating assets and liabilities:	
(Increase) Decrease in Receivables	(3,011,974)
(Increase) Decrease in Inventory	(5,534)
Increase (Decrease) in Accrued Liabilities	(321,274)
Increase (Decrease) in Compensated Absences	(5,004)
Net Cash Flows from Operating Activities	<u>\$ (1,705,738)</u>
Noncash Investing, Capital and Financing Activities	
Capital Contributions from Developers	<u>\$ 3,236,124</u>

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

HERRIMAN CITY, UTAH
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
June 30, 2016

	Private Purpose Trust Funds	Agency Fund
Assets:		
Cash and Cash Equivalents	\$ 248,556	\$ 3,364,607
Accounts Receivable	17,724	-
Infrastructure	547,325	-
Loan Receivable Herriman City	56,413	-
Total Assets	870,018	3,364,607
Liabilities:		
Accounts Payable	18,165	-
Deposit Liability	-	3,364,607
Total Liabilities	18,165	3,364,607
Net Position	\$ 851,853	\$ -

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, 2016

	Private Purpose Trust Funds
Additions	
Water Sales	\$ 320,425
Other Income	167
Total Additions	<u>320,592</u>
Deductions	
Water Purchases	\$ 68,608
Salaries and Wages	73,534
Licenses/Certifications/Dues	776
Operating Supplies and Materials	12,081
Equipment, Repairs & Maintenance	27,748
Utilities	32,975
Other Deductions	5,051
Total Deductions	<u>220,773</u>
Change in Net Position	99,819
Net Position - Beginning of Year	<u>752,034</u>
Net Position - End of Year	<u><u>\$ 851,853</u></u>

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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies

General

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

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

Reporting Entity

A reporting entity consists of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the City consists of all funds, departments, boards, and agencies that are not legally separate from the City. For Herriman City, this includes various services 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, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The major governmental funds are the General Fund, Herriman Towne Center CDA/SAA, Herriman Towne Center City Hall, Park Impact Fund, Road Impact Fund and Capital Projects 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.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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.

Herriman Towne Center – City Hall is a fund that was set up to accumulate funds and expenditures related to the construction of City Hall and Crane Park. The project is underway and should be completed in the fall of 2017.

The general Capital Projects fund is setup for construction and acquisition of projects and noncurrent assets. The use of this fund allows for greater comparability in the operating funds.

Parks and Road Impact Funds are established to track impact fees collected and projects that use impact fees.

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. These funds are fiduciary because the results of operations will revert to the home owners associations in the event that the City discontinues managing these systems.

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.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

Deposits and Investments

Cash and cash equivalents include cash on hand, demand deposits with banks and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for the investment of funds in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of

Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

Receivables and Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to" or "due from other funds." In the Water Fund, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2016 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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

Deferred outflows/inflows of resources

In additions to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has two items that qualifies for reporting in this category. One is a deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The other category relates to pension as described in the pension section below.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will be recognized as an inflow of resources (revenue) until that time. The government has two types of this item, which arises under the modified accrual basis of accounting that qualifies for reporting in this category. This category also relates to pensions.

Compensated Absences

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

Long-term Obligations

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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 1. Summary of Significant Accounting Policies, Continued

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 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.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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

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

The governmental fund balance sheet includes reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net 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, 2016 are as follows:

Bonds Payable	\$ 42,733,459
Capital Leases and Purchase Agreements	659,797
Compensated Absences Payable	<u>348,537</u>
Net adjustment to reduce fund balance-total	<u><u>\$ 43,741,793</u></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:

Capital Outlay	\$ 22,433,133
Depreciation Expense	<u>(9,299,878)</u>
Net adjustment to decrease net changes in fund balance-total governmental funds to arrive at changes in net position of governmental activities	<u><u>\$ 13,133,255</u></u>

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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 2016, the City was within its published budget with one exception, in December 2015 Herriman City advanced refunded the Sales and Franchise Tax Series 2008 bonds but did not budget the payment the bond proceed to the escrow agent handling the payoff of the bonds.

Taxes

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

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

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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. Deposits and Investments

Deposits and investments of the City at June 30, 2016 consist of the following:

Deposits:	
Cash on Hand	\$ 485
Cash in Banks	6,311,949
Investments:	
Zions Bank Trust	32,809,869
State Treasurer's Investments	8,002,617
	<u>\$ 47,124,920</u>
Cash & Cash Equivalents	\$ 4,707,611
Cash & Cash Equivalents-Fiduciary Funds	3,613,163
Restricted Cash & Cash Equivalents	38,804,146
	<u>\$ 47,124,920</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, 2016, \$6,571,911 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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 4. Deposits and Investments, Continued

Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated “A” or higher, or the equivalent of “A” or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer’s Investment Fund.

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, 2016 the City had the following investments and maturities:

Investment Type	Fair Value	Investments Maturities (in Years)			
		Less than 1	1-5	6-10	More than 10
Utah Public Treasurers' Investment Fund	\$ 8,002,617	\$ 8,002,617	\$ -	\$ -	\$ -
Zions Bank Trust-100% Invested in PTIF	32,809,869	32,809,869	-	-	-
Total Fair Value	\$ 40,812,486	\$ 40,812,486	\$ -	\$ -	\$ -

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, 2016

NOTE 4. Deposits and Investments, Continued

At June 30, 2016 the City had the following investments and quality ratings:

Investment Type	Fair Value	Quality Rating			
		AAA	AA	A	Unrated
Utah Public Treasurers' Investment Fund	\$ 8,002,617	\$ -	\$ -	\$ -	\$ 8,002,617
Zions Bank Trust-100% Invested in PTIF	32,809,869	-	-	-	32,809,869
Total Fair Value	<u>\$ 40,812,486</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,812,486</u>

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2016 was as follows:

Governmental Activities	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets, not being Depreciated				
Land	\$ 72,177,138	\$ 17,917,860	\$ -	\$ 90,094,998
Construction in Progress	209,156	5,610,279	-	5,819,435
Total Capital Assets, not being Depreciated	72,386,294	23,528,139	-	95,914,433
Capital Assets, being Depreciated				
Buildings	6,238,620	-	-	6,238,620
Improvements	151,546,151	6,416,369	-	157,962,520
Autos & Trucks	2,851,351	-	-	2,851,351
Machinery & Equipment	3,081,289	86,484	-	3,167,773
Total Capital Assets, being Depreciated	163,717,411	6,502,853	-	170,220,264
Less Accumulated Depreciation				
Buildings	(2,090,021)	(190,086)	-	(2,280,107)
Improvements	(58,370,742)	(8,825,801)	-	(67,196,543)
Autos & Trucks	(2,391,219)	(114,834)	-	(2,506,053)
Machinery & Equipment	(2,173,982)	(169,157)	-	(2,343,139)
Total Accumulated Depreciation	(65,025,964)	(9,299,878)	-	(74,325,842)
Total Capital Assets, being Depreciated, net	98,691,447	(2,797,025)	-	95,894,422
Governmental Activities Capital Assets, net	\$ 171,077,741	\$ 20,731,114	\$ -	\$ 191,808,855

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

Governmental Activities	
Administration	\$ 255,095
Operations	9,044,783
Total Depreciation Expense-Governmental Activities	\$ 9,299,878

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 5. Capital Assets (Continued)

Business-Type Activities	Balance 6/30/2015	Additions	Deletions	Balance 6/30/2016
Capital Assets, not being Depreciated				
Land	\$ 2,879,213	\$ -	\$ -	\$ 2,879,213
Water Rights	10,609,708	3,013,610	-	13,623,318
Construction in Progress	5,754,645	138,515	5,283,775	609,385
Total Capital Assets, not being Depreciated	19,243,566	3,152,125	5,283,775	17,111,916
Capital Assets, being Depreciated				
Buildings	58,400	-	-	58,400
Machinery & Equipment	653,416	-	-	653,416
Autos & Trucks	569,991	35,744	-	605,735
Distribution System	67,887,965	11,843,837	-	79,731,802
Total Capital Assets, being Depreciated	69,169,772	11,879,581	-	81,049,353
Less Accumulated Depreciation				
Buildings	(14,843)	(1,460)	-	(16,303)
Machinery & Equipment	(538,040)	(30,250)	-	(568,290)
Autos & Trucks	(321,938)	(64,778)	-	(386,716)
Distribution System	(15,632,789)	(2,490,465)	-	(18,123,254)
Total Accumulated Depreciation	(16,507,610)	(2,586,953)	-	(19,094,563)
Total Capital Assets, being Depreciated, net	52,662,162	9,292,629	-	61,954,790
Business Type Activities Capital Assets, net	\$ 71,905,728	\$ 12,444,754	\$ 5,283,775	\$ 79,066,706

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

Water Fund \$ 2,586,953

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2016:

	Balance 6-30-2015	Additions	Retirements	Balance 6-30-2016	Current Portion
Governmental Activities:					
Sales & Franchise Tax Revenue Bond 2008	\$ 7,025,000	\$ -	\$ 6,270,000	\$ 755,000	\$ 240,000
Sales & Franchise Tax Revenue Bond 2015A	-	21,845,000	-	21,845,000	720,000
Sales & Franchise Tax Revenue Bond 2015B	-	6,045,000	-	6,045,000	5,000
SAA Bond	12,995,000	-	755,000	12,240,000	780,000
Premium	-	2,095,037	104,751	1,990,286	108,954
Discount	(183,581)	-	(41,754)	(141,827)	(12,096)
Total Governmental Activities	19,836,419	29,985,037	7,087,997	42,733,459	1,841,858
Business-Type Activities					
Water Revenue Bond 2003	1,784,000	-	184,000	1,600,000	187,000
Water Revenue Bond 2007	8,660,000	-	8,410,000	250,000	250,000
Water Revenue Bond 2011	5,580,000	-	270,000	5,310,000	275,000
BAN 2014	5,498,000	-	-	5,498,000	5,498,000
Water Revenue Bond 2015	1,000,000	2,228,000	-	3,228,000	138,000
Water Revenue Refunding Bond 2016	-	7,795,000	-	7,795,000	55,000
Premium	164,492	1,025,036	221,437	968,091	56,946
Discount	(34,280)	-	(3,428)	(30,852)	(3,428)
Total Business-Type Activities	22,652,212	11,048,036	9,082,009	24,618,239	6,456,518
Total Bonds	42,488,631	41,033,073	16,170,006	67,351,698	8,298,376
Other Long-Term Liabilities					
Governmental Activities:					
Capital Leases	344,583	-	125,411	219,172	107,726
Bills/Carter Land Purchase	281,250	-	140,625	140,625	140,625
Purchase Agreement	300,000	-	-	300,000	-
Compensated Absences	305,474	455,006	411,943	348,537	200,000
Total Governmental Activities	1,231,307	455,006	677,979	1,008,334	448,351
Business-Type Activities					
Capital Leases Payable	198,068	-	75,505	122,563	58,038
Bills/Carter Land Purchase	281,250	-	140,625	140,625	140,625
Loan Payable-Hi Country	56,413	-	-	56,413	-
Compensated Absences	53,412	81,090	86,094	48,408	30,000
Total Business-Type Activities	589,143	81,090	302,224	368,009	228,663
Total Other Long-Term Liabilities	1,820,450	536,096	980,203	1,376,343	677,014
Total Long-Term Liabilities	\$ 44,309,081	\$ 41,569,169	\$ 17,150,209	\$ 68,728,041	\$ 8,975,390

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. Long-Term Debt, Continued

Advanced Refunding

Sales and Franchise Tax Bond

The government issued \$6,045,000 in sales and franchise tax revenue bonds with interest rates ranging from 1.0% to 5.0%. The proceeds were used to advance refund \$6,045,000 of outstanding 2008 sales & franchise tax revenue bonds which had interest rates ranging from 2.8% to 5.7%. The net proceeds of \$6,801,715 which (included premium of \$714,262 and after payment of \$72,547 in underwriting and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the 2008 sales & franchise tax revenue bonds are considered defeased and the liability for those bonds has been removed from the statements of net position.

The reacquisition price exceeded the net carrying value of the old debt by \$786,372. The amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the sales and franchise tax revenue bonds 2008 to reduce debt service \$744,575 over the next 18 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$632,837.

Water Revenue Bond

The government issued \$7,795,000 in sales and franchise tax revenue bonds with interest rates ranging from 2.0% to 4.0%. The proceeds were used to advance refund \$8,170,000 of outstanding 2007 water revenue bonds which had interest rates ranging from 2.8% to 5.7%. The net proceeds of \$8,648,834 which (included premium of \$1,025,036 and after payment of \$171,202 in underwriting and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for future debt service payments on the refunded bonds. As a result, the 2007 water revenue bonds are considered defeased and the liability for those bonds has been removed from the statements of net position.

The reacquisition price exceeded the net carrying value of the old debt by \$320,756. The amount is being netted against the new debt and amortized over the remaining life of the refunding debt. The government advance refunded the 2007 water bonds to reduce debt service \$928,249 over the next 17 years and to obtain an economic gain (difference between the present values of the debt service payments on the old and new debt) of 931,522.

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. Long-Term Debt, Continued

Long-term debt for the primary government at June 30, 2016 is comprised of the following issues:

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. A portion of the bonds were advanced refunded in December 2015 with the Series 2015B bonds described below. \$ 755,000

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. 12,240,000

Sales & Franchise Revenue bond 2015A, due in annual principal installments ranging from \$720,000 to \$1,535,000 with interest from 2.0% to 3.50%, due in August 2035. The bonds are secured by sales and franchise tax revenue. 21,845,000

Sales & Franchise Revenue bond 2015B with interest from 1.0% to 5.0%, due in August 2033. The bonds are secured by sales and franchise tax revenue due in annual principal installments ranging from \$5,000 to \$530,000. 6,045,000

Bond Premium related to the sales and franchise bonds 2015A and 2015B were \$1,380,775 and \$714,262 respectively. These premiums are being amortized over the life of the bonds. 1,990,286

Bond Discounts related to the SAA bonds were \$201,024. These discounts are being amortized over the life of the bonds. (141,827)

Total Governmental Activities Bonds 42,733,459

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. 1,600,000

Water Revenue bond 2007, due in annual 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. A portion of these bonds were advance refunded in March 2016 with the Series 2015 described below. 250,000

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. 5,310,000

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. 3,228,000

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

Water Revenue Bond 2016, due in annual principal payments ranging from \$55,000 to \$745,000 bearing interest from 2.0% to 4%. The bonds are secured by water revenue and mature in 2033. 7,795,000

Bond Premium related to the Water Revenue and Refunding bond 2016 in the original amount of \$1,025,036. The premium is being amortized over the life of the bonds. 968,091

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. (30,852)

Total Business-Type Activities Bonds \$ 24,618,239

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. Long-Term Debt, Continued

Leases Payable:

Governmental Activities

Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	\$ 9,466
Ford Van Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	9,466
Ford F350 Pickup Lease Payable in semi-annually installments through November 2018, at interest of 1.85%	11,832
Four Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	80,441
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	35,006
Ford F150 Pickup Lease Payable in annually installments through November 2017, at interest of 1.65%	17,503
Ford F150 Pickup Lease Payable in annually installments through November 2017, at interest of 1.65%	19,626
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	<u>35,832</u>
Total Governmental Leases	<u>219,172</u>

Business-Type Activities

10 Wheel Truck w/ Snow Plow Lease Payable in semi-annually installments through November 2018, at interest of 1.85%.	87,557
Two Pickups Lease Payable in annually installments through November 2017, at interest of 1.65%	<u>35,006</u>
Total Business-Type Leases	<u>122,563</u>

Accrued Compensated Absences

396,945

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. 281,250

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. 56,413

Total Other Long Term Liabilities 637,663

Total Long-Term Debt

68,728,041

Less: Current Portions:

Governmental Activities (2,290,209)

Business-Type Activities (6,685,181)

Net Long-Term Debt

\$ 59,752,650

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 6. Long-Term Debt, Continued

Year Ending June 30	Sales & Franchise Tax 2008		Sales & Franchise Tax 2015A		Sales & Franchise Tax 2015B		Towne Center SAA Bond 2010	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 240,000	\$ 33,375	\$ 720,000	\$ 844,232	\$ 5,000	\$ 267,484	\$ 780,000	\$ 621,980
2018	250,000	23,175	800,000	761,528	25,000	246,125	810,000	590,750
2019	265,000	11,925	815,000	745,378	25,000	245,875	840,000	556,820
2020	-	-	830,000	731,833	300,000	244,250	875,000	520,901
2021	-	-	855,000	709,338	305,000	236,650	915,000	482,292
2022-2026	-	-	4,760,000	3,055,765	1,735,000	984,650	5,245,000	1,707,063
2027-2031	-	-	5,890,000	1,924,138	2,135,000	599,050	2,775,000	452,088
2032-2036	-	-	7,175,000	638,094	1,515,000	116,125	-	-
Totals	\$ 755,000	\$ 68,475	\$ 21,845,000	\$ 9,410,306	\$ 6,045,000	\$ 2,940,209	\$ 12,240,000	\$ 4,931,894

Total Governmental Bonds

Year Ending June 30	Principal	Interest
2017	\$ 1,745,000	\$ 1,767,071
2018	1,885,000	1,621,578
2019	1,945,000	1,559,998
2020	2,005,000	1,496,984
2021	2,075,000	1,428,280
2022-2026	11,740,000	5,747,478
2027-2031	10,800,000	2,975,276
2032-2036	8,690,000	754,219
Totals	\$ 40,885,000	\$ 17,350,884

Water Revenue Bond Series 2003

Water Revenue Bond Series 2007

Water Revenue Bond Series 2011

Water Revenue Bond Series 2015

Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 187,000	\$ 29,760	\$ 250,000	\$ 10,000	\$ 275,000	\$ 207,716	\$ 138,000	\$ 67,981
2018	191,000	26,282	-	-	285,000	199,466	141,000	69,525
2019	194,000	22,729	-	-	295,000	190,916	144,000	66,353
2020	198,000	19,121	-	-	300,000	182,066	147,000	63,113
2021	202,000	15,438	-	-	310,000	173,066	150,000	59,805
2022-2026	628,000	23,510	-	-	1,725,000	692,264	804,000	246,758
2027-2031	-	-	-	-	2,120,000	297,610	900,000	152,100
2032-2036	-	-	-	-	-	-	804,000	46,283
Totals	\$ 1,600,000	\$ 136,840	\$ 250,000	\$ 10,000	\$ 5,310,000	\$ 1,943,104	\$ 3,228,000	\$ 771,918

Water Revenue (BAN) 2014

Water Revenue Bond Series 2016

Total Water Revenue Bonds

Year Ending June 30	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 5,498,000	\$ 28,040	\$ 55,000	\$ 242,419	\$ 6,403,000	\$ 585,916
2018	-	-	260,000	298,800	877,000	594,073
2019	-	-	265,000	291,000	898,000	570,998
2020	-	-	270,000	283,050	915,000	547,350
2021	-	-	285,000	294,750	947,000	543,059
2022-2026	-	-	2,020,000	1,202,000	5,177,000	2,164,532
2027-2031	-	-	3,180,000	683,800	6,200,000	1,133,510
2032-2036	-	-	1,460,000	88,200	2,264,000	134,483
Totals	\$ 5,498,000	\$ 28,040	\$ 7,795,000	\$ 3,384,019	\$ 23,681,000	\$ 6,273,921

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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:

Governmental Activities						
Year Ending June 30,	Van	Van	Ford F-350	Park 2015	Engineering 2015	
2017	\$ 4,547	\$ 4,547	\$ 5,684	\$ 41,219	\$ 17,937	
2018	3,441	3,441	4,302	41,219	17,938	
2019	1,721	1,721	2,151	-	-	
2020	-	-	-	-	-	
Total Remaining Payments:	9,709	9,709	12,137	82,438	35,875	
Less Amounts Representing Interest:	243	243	305	1,997	869	
Present Value of Net Remaining Minimum Lease Payments:	\$ 9,466	\$ 9,466	\$ 11,832	\$ 80,441	\$ 35,006	

Year Ending June 30,	ITS 2015	Streets 2015	Building 2015	Total Governmental
2017	\$ 8,969	\$ 10,056	\$ 18,360	\$ 111,319
2018	8,969	10,057	18,360	107,727
2019	-	-	-	5,594
2020	-	-	-	-
Total Remaining Payments:	17,938	20,113	36,720	224,640
Less Amounts Representing Interest:	435	487	888	5,468
Present Value of Net Remaining Minimum Lease Payments:	\$ 17,503	\$ 19,626	\$ 35,832	\$ 219,172

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 354,392	\$ 70,625	\$ (85,676)

Business-Type Activities			
Year Ending June 30,	10 Wheeler w/ Snow Plow	Water 2015	Total Business-Type
2017	\$ 42,064	\$ 17,937	\$ 60,001
2018	31,832	17,938	49,770
2019	15,916	-	15,916
2020	-	-	-
Total Remaining Payments:	89,812	35,875	125,687
Less Amounts Representing Interest:	2,255	869	3,124
Present Value of Net Remaining Minimum Lease Payments:	\$ 87,557	\$ 35,006	\$ 122,563

	Cost	Depreciation Expense	Accumulated Depreciation
Vehicles & Equipment	\$ 262,889	\$ 52,578	\$ (96,448)

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2016

NOTE 8. Equity Classifications

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

- a. Nonspendable – classified by physical or other constraints (1) not in a spendable form (i.e. Inventories, prepaid amounts, long term amounts of loan and property held for resale) (2) legally or contractually required to be maintained intact (i.e. Permanent fund principal).
- b. Restricted - consists of net position 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.
-

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 8. Equity Classifications (Continued)

At June 30, 2016, the City's assigned and restricted net position is as follows:

Committed and Restricted Funds

Governmental

Assigned

Public Safety Fee	18,312
Debt Service	95,532
Storm Drain Impact Fee	1,013,220
Street Sign Fee	123,565
Street Light Fee	271,231

Restricted

Park Impact Fund	3,492,083
Street Impact Fund	1,431,806
Debt Service	506,316
Herriman Towne Center City Hall	14,345,737
Herriman Towne Center CDA/SAA	2,496,374
Capital Projects	3,591,383

Total Governmental Assigned and Restricted \$ 27,385,559

Business Type

Capital Outlay:

Water Fund	7,292,347
Total Business Type Restricted	<u>\$ 7,292,347</u>

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 9. Interfund Transactions and Balances

Interfund transfers for the fiscal year ended June 30, 2016 are as follows:

	Transfer From	Transfers To		
		Debt Service	Herriman Towne Center- City Hall	Capital Projects
General Fund	\$ (2,987,767)	\$ 495,151	\$ 2,217,616	\$ 275,000
Parks Impact Fund	(1,600,894)			1,600,894
Street Impact Fund	(1,791,808)	391,808		1,400,000
Capital Projects	(195,777)	195,777		
	<u>\$ (6,576,246)</u>	<u>\$ 1,082,736</u>	<u>\$ 2,217,616</u>	<u>\$ 3,275,894</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, 2016

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.

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 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

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	Employer Rate for 401(k) Plan
Contributory System				
111-Local Government Division Tier 2	N/A	N/A	16.670%	1.78%
Noncontributory System				
15-Local Governmental Division Tier 1	N/A	N/A	18.470%	N/A

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

For fiscal year ended June 30, 2016, the employer and employee contributions to the systems were as follows:

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

System	Employer Contribution	Employee Contribution
Noncontributory System	\$ 668,026	N/A
Tier 2 Public Employees System	132,940	-
Tier 2 DC Only System	5,350	N/A
	\$ 806,316	\$ -

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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 10. Defined Benefit Pension Plan, Continued

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

At June 30, 2016, we reported a net pension asset of \$251 and a net pension liability of \$2,448,409.

	<u>Proportionate Share</u>	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Noncontributory System	0.0043270%	\$ -	\$ 2,448,409
Tier 2 Public Employees System	0.1151862%	251	-
Total Net Pension Asset / Liability		<u>\$ 251</u>	<u>\$ 2,448,409</u>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2016, we recognized pension expense of \$607,659. At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 117,647
Changes in assumptions	-	137,883
Net difference between projected and actual earnings on pension plan investments	833,346	-
Changes in proportion and differences between contributions and proportionate share of contributions	128,569	-
Contributions subsequent to the measurement date	407,407	-
	<u>\$ 1,369,322</u>	<u>\$ 255,530</u>

\$407,407 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, 2015.

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:

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 10. Defined Benefit Pension Plan, Continued

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2016	\$ 166,060
2017	166,060
2018	168,468
2019	209,425
2020	(674)
Thereafter	(2,955)

Actuarial assumptions: The total pension liability in the December 31, 2015, 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

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvements in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuations were based on the results of an actuarial experience study for the five year period ending 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:

Expected Return Arithmetic Basis			
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected Portfolio real rate of return
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%		5.23%
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 10. Defined Benefit Pension Plan, Continued

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 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:

System	1% Decrease (6.5%)	Discount Rate (7.5%)	1% Increase (8.5%)
Noncontributory System	\$ 5,173,245	\$ 2,448,409	\$ 173,717
Tier 2 Public Employees System	46,112	(251)	(35,390)
Total	\$ 5,219,357	\$ 2,448,158	\$ 138,327

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

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

Herriman City participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

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

HERRIMAN CITY, UTAH
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2016

NOTE 10. Defined Benefit Pension Plan, Continued

401(k) Plan	2016	2015	2014
Employer Contribution	\$ 441,380	\$ 414,230	\$ 370,660
Employee Contribution	217,867	204,923	182,369
457 Plan			
Employer Contribution	10,898	7,044	-
Employee Contribution	95,247	107,224	125,090
Roth IRA Plan			
Employer Contribution	N/A	N/A	N/A
Employee Contribution	24,180	21,527	21,892

NOTE 11. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

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

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

NOTE 12. Subsequent Events and Transactions

Since June 30, 2016, the City has begun the process to bond for road and park improvements around the City Hall building that is under construction. The bond will be approximately \$11,000,000 and will be paid for with Tax Increment Funds (TIF) coming from the Herriman Towne Center CDA. Currently the CDA is receiving adequate TIF to satisfy the Debt Service on this bond.

The City has also undertaken the process to advance refund the Herriman Towne Center SAA bond. This refunding will reduce the interest paid on the bond and will redefine the assessment area.



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, 2016

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenues:					
Taxes:					
General Property Tax	\$ 567,000	\$ 83,000	\$ 650,000	\$ 636,261	\$ (13,739)
General Sales & Use Taxes	3,258,326	71,868	3,330,194	3,352,430	22,236
Franchise Taxes	1,758,224	51,416	1,809,640	1,760,349	(49,291)
Total Taxes	<u>5,583,550</u>	<u>206,284</u>	<u>5,789,834</u>	<u>5,749,040</u>	<u>(40,794)</u>
Licenses & Permits					
Business License & Permits	54,887	20,113	75,000	88,948	13,948
Non-Business License & Permits	3,968,975	1,702,291	5,671,266	5,342,301	(328,965)
Total Licenses & Permits	<u>4,023,862</u>	<u>1,722,404</u>	<u>5,746,266</u>	<u>5,431,249</u>	<u>(315,017)</u>
Intergovernmental Revenues:					
Class "C" Roads	830,670	-	830,670	877,340	46,670
Grants - SL County	6,600	200,000	206,600	211,000	4,400
State Liquor Allotment	20,725	(2,040)	18,685	18,685	-
Other Intergovernmental	2,975	-	2,975	-	(2,975)
Total Intergovernmental Revenues	<u>860,970</u>	<u>197,960</u>	<u>1,058,930</u>	<u>1,107,025</u>	<u>48,095</u>
Charges for Services:					
Operations	1,359,627	(10,900)	1,348,727	1,441,607	92,880
Total Charges for Services	<u>1,359,627</u>	<u>(10,900)</u>	<u>1,348,727</u>	<u>1,441,607</u>	<u>92,880</u>
Fines and Forfeitures					
Court Fines and Forfeitures	205,450	(58,691)	146,759	137,853	(8,906)
Total Fines and Forfeitures	<u>205,450</u>	<u>(58,691)</u>	<u>146,759</u>	<u>137,853</u>	<u>(8,906)</u>
Miscellaneous					
Investment Earnings	36,196	8,804	45,000	61,937	16,937
Other	132,861	(10,152)	122,709	128,712	6,003
Total Miscellaneous	<u>169,057</u>	<u>(1,348)</u>	<u>167,709</u>	<u>190,649</u>	<u>22,940</u>
Total Revenues	<u>\$ 12,202,516</u>	<u>\$ 2,055,709</u>	<u>\$ 14,258,225</u>	<u>\$ 14,057,423</u>	<u>\$ (200,802)</u>

**HERRIMAN CITY, UTAH
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Expenditures:					
General Government					
Legislative	\$ 119,676	\$ 14,680	\$ 134,356	\$ 114,612	\$ 19,744
Planning Commission	25,900	-	25,900	19,695	6,205
Legal	214,000	40,000	254,000	207,081	46,919
Total General Government	<u>359,576</u>	<u>54,680</u>	<u>414,256</u>	<u>341,388</u>	<u>72,868</u>
Administration					
Administration	809,010	(15,953)	793,057	774,053	19,004
Communication	202,400	47,357	249,757	234,787	14,970
Courts	182,985	(1,390)	181,595	181,176	419
Human Resources	296,900	(10,900)	286,000	218,467	67,533
Recorder	310,710	39,732	350,442	285,858	64,584
Total Administration	<u>1,802,005</u>	<u>58,846</u>	<u>1,860,851</u>	<u>1,694,341</u>	<u>166,510</u>
Finance					
Finance	418,686	20,200	438,886	430,068	8,818
Information Tehnology	512,935	(146,185)	366,750	326,105	40,645
Total Finance	<u>931,621</u>	<u>(125,985)</u>	<u>805,636</u>	<u>756,173</u>	<u>49,463</u>
Operations					
Facilities	388,853	(2,000)	386,853	374,417	12,436
Enforcement/Emergency Services	352,110	45,035	397,145	390,883	6,262
Fleet Management	222,890	(24,500)	198,390	184,859	13,531
Streets	1,965,125	15,267	1,980,392	1,925,743	54,649
Events	799,028	(31,630)	767,398	698,667	68,731
Parks & Cemetery	2,211,652	70,547	2,282,199	2,181,252	100,947
Total Operations	<u>5,939,658</u>	<u>72,719</u>	<u>6,012,377</u>	<u>5,755,821</u>	<u>256,556</u>
Planning & Development					
Building	565,554	85,000	650,554	623,177	27,377
Economic Development	120,620	98,281	218,901	164,714	54,187
Engineering	769,371	79,590	848,961	846,921	2,040
GIS	335,919	(16,845)	319,074	291,646	27,428
Planning	450,347	(38,774)	411,573	405,604	5,969
Total Planning & Development	<u>2,241,811</u>	<u>207,252</u>	<u>2,449,063</u>	<u>2,332,062</u>	<u>117,001</u>
Debt Service					
	<u>143,818</u>	<u>41,000</u>	<u>184,818</u>	<u>131,056</u>	<u>53,762</u>
Total Expenditures	<u>11,418,489</u>	<u>308,512</u>	<u>11,727,001</u>	<u>11,010,841</u>	<u>716,160</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures					
	<u>783,877</u>	<u>1,747,347</u>	<u>2,531,224</u>	<u>3,046,582</u>	<u>515,358</u>
Other Financing Sources (Uses)					
Transfers Out	<u>(1,395,151)</u>	<u>(1,800,000)</u>	<u>(3,195,151)</u>	<u>(2,987,767)</u>	<u>207,384</u>
Total Other Financing Sources and Uses	<u>(1,395,151)</u>	<u>(1,800,000)</u>	<u>(3,195,151)</u>	<u>(2,987,767)</u>	<u>207,384</u>
Net Change in Fund Balance	(611,274)	(52,653)	(663,927)	58,815	722,742
Fund Balance, Beginning of Year	<u>2,423,686</u>		<u>2,423,686</u>	<u>2,423,686</u>	
Fund Balance, End of Year	<u>\$ 1,812,412</u>		<u>\$ 1,759,759</u>	<u>\$ 2,482,501</u>	

HERRIMAN CITY, UTAH
HERRIMAN TOWNE CENTER-CDA/SAA
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Property Tax	\$ 615,000	\$ 225,000	\$ 840,000	\$ 19,252	\$ (820,748)
Charges for Services	1,937,593	(373,307)	1,564,286	203,547	1,360,739
Intergovernmental	-	-	-	817,810	(817,810)
SAA Assessments	1,464,024	(710,396)	753,628	358,831	394,797
Interest Income	2,600	5,400	8,000	19,767	(11,767)
Total Revenue	<u>4,019,217</u>	<u>(853,303)</u>	<u>3,165,914</u>	<u>1,419,207</u>	<u>105,211</u>
Expenditures					
Administration	1,161,106	(800,000)	361,106	40,569	320,537
Capital Projects	2,518,400	(803,400)	1,715,000	615,000	1,100,000
Debt Service					
Principal	755,000	-	755,000	755,000	-
Interest	649,818	-	649,818	581,393	68,425
Total Expenditures	<u>5,084,324</u>	<u>(1,603,400)</u>	<u>3,480,924</u>	<u>1,991,962</u>	<u>1,488,962</u>
Excess Deficiency of Revenues Over (Under) Expenditures	<u>(1,065,107)</u>	<u>750,097</u>	<u>(315,010)</u>	<u>(572,755)</u>	<u>(257,745)</u>
Net Change in Fund Balance	(1,065,107)	750,097	(315,010)	(572,755)	(257,745)
Fund Balance-Beginning	<u>3,069,129</u>		<u>3,069,129</u>	<u>3,069,129</u>	
Fund Balance-Ending	<u>\$ 2,004,022</u>		<u>\$ 2,754,119</u>	<u>\$ 2,496,374</u>	

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

		Noncontributory System	Tier 2 Public Employees System
Noncontributory System			
Proportion of the net pension liability (asset)	2016	0.4326968%	0.1151862%
	2015	0.3974375%	0.0983084%
Proportionate share of the net pension liability (asset)	2016	\$ 2,448,409	\$ (251)
	2015	1,725,767	(2,979)
Covered Employee Payroll	2016	\$ 3,653,333	\$ 744,262
	2015	3,394,535	482,391
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	2016	67.02%	0.03%
	2015	50.80%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	2016	87.80%	100.20%
	2015	90.20%	103.50%

- In accordance with paragraph 81.a of GASB 68, employers will need to disclose 10-year history of their proportionate share of the net pension liability (asset) in their Required Supplementary Information. This schedule will be built prospectively. The schedule above is only for the most recent two years.

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

	As of fiscal year end June 30,	Actuarial determined contributions	Contributions in relation to the contractually required contributions	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 557,824	\$ 557,824	\$ -	\$ 3,300,974	16.90%
	2015	639,873	639,873	-	3,554,400	18.00%
	2016	668,026	668,026	-	3,712,328	17.99%
Tier 2 Public Employees System*	2014	\$ 54,521	\$ 54,521	\$ -	\$ 381,476	14.29%
	2015	85,348	85,348	-	571,177	14.94%
	2016	132,940	132,940	-	891,619	14.91%
Tier 2 Public Employees DC Only System*	2014	\$ 39	\$ 39	\$ -	-	0.00%
	2015	5,018	5,018	-	68,084	7.37%
	2016	5,350	5,350	-	79,225	6.75%

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

*Paragraph 81.b of GASB 68 requires employers to disclose a 10 year history of contributions in RSI. Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative issues.

HERRIMAN CITY, UTAH
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
June 30, 2016

Changes in Assumptions

The following assumption changes were adopted from the most recent actuarial experience study. There was a decrease in wage inflation assumption for all employee groups from 3.75% to 3.5%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decreased from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustment to the pre-retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement. (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.



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.

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.

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.

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.

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.

DEBT SERVICE FUND

The City maintains a debt service fund to accumulate funds to pay bonded debt as it becomes payable.

NON-MAJOR FUNDS

TRUST FUNDS

Private-purpose trust funds are used to report trust arrangements, other than pension and investment trusts, under which principal and income benefit individuals, private, organizations or other governments.

HIGH COUNTRY I AND HIGH COUNTRY II

Herriman City has two private-purpose trust funds. High Country I and High Country II are homeowner's association outside the City boundaries. Herriman City manages the water systems for these entities. Although, the City manages these water systems similar to their own, that is they are expected to cover the costs of operation, the results of operations belong to the homeowner's associations. The City receives a fee and reimbursement of costs reported in our Water Fund.

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, 2016**

	<u>Special Revenue Fund</u>		<u>Capital Projects Funds</u>			<u>Total Nonmajor Governmental Funds</u>
	<u>Public Safety Fee</u>	<u>Debt Service</u>	<u>Storm Drain Fee</u>	<u>Street Sign Fee</u>	<u>Street Light Fee</u>	
Assets:						
Cash & Cash Equivalents	\$ -	\$ 95,532	\$ 1,015,333	\$ 131,129	\$ 280,038	\$ 1,522,032
Restricted Cash	18,312	506,316	-	-	-	\$ 524,628
Total Assets	<u>\$ 18,312</u>	<u>\$ 601,848</u>	<u>\$ 1,015,333</u>	<u>\$ 131,129</u>	<u>\$ 280,038</u>	<u>\$ 2,046,660</u>
Liabilities and Fund Balances						
Liabilities:						
Accounts Payable	\$ -	\$ -	\$ 2,113	\$ 7,564	\$ 8,807	\$ 18,484
Total Liabilities	-	-	2,113	7,564	8,807	\$ 18,484
Fund Balances:						
Assigned	18,312	95,532	1,013,220	123,565	271,231	1,521,860
Restricted for:						
Debt Service	-	506,316	-	-	-	506,316
Total Fund Balances	<u>18,312</u>	<u>601,848</u>	<u>1,013,220</u>	<u>123,565</u>	<u>271,231</u>	<u>2,028,176</u>
Total Liabilities and Fund Balances	<u>\$ 18,312</u>	<u>\$ 601,848</u>	<u>\$ 1,015,333</u>	<u>\$ 131,129</u>	<u>\$ 280,038</u>	<u>\$ 2,046,660</u>

HERRIMAN CITY, UTAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2016

	<u>Special</u> <u>Revenue Fund</u>		<u>Capital Projects Funds</u>			<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>Public Safety</u> <u>Fee</u>	<u>Debt Service</u>	<u>Storm Drain</u> <u>Fee</u>	<u>Street Sign</u> <u>Fee</u>	<u>Street Light</u> <u>Fee</u>	
Revenues:						
Impact Fee Revenues	\$ -	\$ -	\$ 628,693	\$ 78,935	\$ 521,175	\$ 1,228,803
Interest Earnings	-	1,779	242	-	-	2,021
Total Revenue	<u>-</u>	<u>1,779</u>	<u>628,935</u>	<u>78,935</u>	<u>521,175</u>	<u>1,230,824</u>
Expenditures:						
Current:						
Operations						
Enforcement/Emergency	4,190	-	-	-	-	4,190
Streets	-	-	109,177	-	1,932	111,109
Engineering	-	-	-	-	12,000	12,000
Capital Outlay	-	-	-	44,516	295,897	340,413
Debt Service						
Principal	-	225,000	-	-	-	225,000
Interest	-	194,917	-	-	-	194,917
Total Expenditures	<u>4,190</u>	<u>419,917</u>	<u>109,177</u>	<u>44,516</u>	<u>309,829</u>	<u>887,629</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,190)</u>	<u>(418,138)</u>	<u>519,758</u>	<u>34,419</u>	<u>211,346</u>	<u>343,195</u>
Other Financing Sources (Uses)						
Proceeds of Refunding Long Term Debt	-	6,736,593	-	-	-	6,736,593
Transfers In	-	1,082,736	-	-	-	1,082,736
Payment to Bond Escrow Trustee	-	(6,801,715)	-	-	-	(6,801,715)
Total Other Financing Sources and Uses	<u>-</u>	<u>1,017,614</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,017,614</u>
Net Changes in Fund Balances	<u>(4,190)</u>	<u>599,476</u>	<u>519,758</u>	<u>34,419</u>	<u>211,346</u>	<u>1,360,809</u>
Fund Balances, Beginning of Year	<u>22,502</u>	<u>2,372</u>	<u>493,462</u>	<u>89,146</u>	<u>59,885</u>	<u>667,367</u>
Fund Balances, End of Year	<u>\$ 18,312</u>	<u>\$ 601,848</u>	<u>\$ 1,013,220</u>	<u>\$ 123,565</u>	<u>\$ 271,231</u>	<u>\$ 2,028,176</u>

HERRIMAN CITY, UTAH
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUND
For the Year Ended June 30, 2016

	Developer Cash Bonds			
	June 30, 2015	Additions	Deletions	June 30, 2016
Assets:				
Cash and Cash Equivalents	\$ 1,845,935	\$ 3,573,050	\$ 2,054,378	\$ 3,364,607
Total Assets	<u>\$ 1,845,935</u>	<u>\$ 3,573,050</u>	<u>\$ 2,054,378</u>	<u>\$ 3,364,607</u>
Liabilities:				
Due to Developers	\$ 1,845,935	\$ 3,455,372	\$ 1,936,700	\$ 3,364,607
Total Liabilities	<u>\$ 1,845,935</u>	<u>\$ 3,455,372</u>	<u>\$ 1,936,700</u>	<u>\$ 3,364,607</u>

HERRIMAN CITY, UTAH
COMBINING STATEMENT OF FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2016

	<u>High Country II</u>	<u>High Country I</u>	<u>Total</u>
Assets:			
Cash and Cash Equivalents	\$ 134,652	\$ 113,904	\$ 248,556
Accounts Receivable	3,394	14,330	17,724
Infrastructure	547,325	-	547,325
Loan Receivable Herriman City	<u>56,413</u>	<u>-</u>	<u>56,413</u>
Total Assets	<u>741,784</u>	<u>128,234</u>	<u>870,018</u>
Liabilities:			
Accounts Payable	<u>18,129</u>	<u>36</u>	<u>18,165</u>
Total Liabilities	<u>18,129</u>	<u>36</u>	<u>18,165</u>
Net Position	<u>\$ 723,655</u>	<u>\$ 128,198</u>	<u>\$ 851,853</u>

HERRIMAN CITY, UTAH
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
PRIVATE PURPOSE TRUST FUND
For the Year Ended June 30, 2016

	<u>High Country II</u>	<u>High Country I</u>	<u>Total</u>
Additions			
Water Sales	\$ 187,431	\$ 132,994	\$ 320,425
Other Income	-	167	167
Total Additions	<u>187,431</u>	<u>133,161</u>	<u>320,592</u>
Deductions			
Water Purchases	68,608	-	68,608
Salaries and Wages	43,513	30,021	73,534
Licenses/Certifications/Dues	-	776	776
Operating Supplies and Materials	7,808	4,273	12,081
Equipment, Repairs & Maintenance	22,408	5,340	27,748
Utilities	20,539	12,436	32,975
Other Deductions	<u>1,071</u>	<u>3,980</u>	<u>5,051</u>
Total Deductions	<u>163,947</u>	<u>56,826</u>	<u>220,773</u>
Change in Net Position	23,484	76,335	99,819
Net Position - Beginning of Year	<u>700,171</u>	<u>51,863</u>	<u>752,034</u>
Net Position - End of Year	<u>\$ 723,655</u>	<u>\$ 128,198</u>	<u>\$ 851,853</u>

A scenic photograph of a paved path winding through a golf course. The path is in the foreground, leading towards a clubhouse and several houses in the background. The landscape is lush green with some trees showing autumn colors. In the distance, mountains are visible under a clear blue sky. The text "BUDGETARY COMPARISON SCHEDULES" is overlaid in white serif font at the bottom center of the image.

BUDGETARY COMPARISON SCHEDULES

**HERRIMAN CITY, UTAH
PUBLIC SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Expenditures					
Operations	2,500	-	2,500	2,044	456
Capital Outlay	7,500	(4,000)	3,500	2,146	1,354
Total Expenditures	<u>10,000</u>	<u>(4,000)</u>	<u>6,000</u>	<u>4,190</u>	<u>1,810</u>
Net Change in Fund Balance	(10,000)	4,000	(6,000)	(4,190)	1,810
Fund Balance-Beginning	<u>22,502</u>		<u>22,502</u>	<u>22,502</u>	
Fund Balance-Ending	<u>\$ 12,502</u>		<u>\$ 16,502</u>	<u>\$ 18,312</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Impact Fees	\$ 900,000	2,680,173	\$ 3,580,173	\$ 4,341,644	\$ 761,471
Investment Earnings	200	2,300	2,500	3,976	1,476
Total Revenue	<u>900,200</u>	<u>2,682,473</u>	<u>3,582,673</u>	<u>4,345,620</u>	<u>762,947</u>
Expenditures					
Capital Outlay	200,000	21,700	221,700	89,849	131,851
Debt Service	140,625	-	140,625	140,625	-
Total Expenditures	<u>340,625</u>	<u>21,700</u>	<u>362,325</u>	<u>230,474</u>	<u>131,851</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>559,575</u>	<u>2,660,773</u>	<u>3,220,348</u>	<u>4,115,146</u>	<u>894,798</u>
Other Financing Sources (Uses)					
Transfers Out	-	(1,600,894)	(1,600,894)	(1,600,894)	-
Total Financing Sources (Uses)	<u>-</u>	<u>(1,600,894)</u>	<u>(1,600,894)</u>	<u>(1,600,894)</u>	<u>-</u>
Net Change in Fund Balance	559,575	1,059,879	1,619,454	2,514,252	894,798
Fund Balance-Beginning	<u>977,831</u>		<u>977,831</u>	<u>977,831</u>	
Fund Balance-Ending	<u>\$ 1,537,406</u>		<u>\$ 2,597,285</u>	<u>\$ 3,492,083</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Impact Fees	\$ 1,350,000	\$ 1,650,000	\$ 3,000,000	\$ 3,428,739	\$ 428,739
Investment Earnings	800	-	800	2,523	1,723
Total Revenue	<u>1,350,800</u>	<u>1,650,000</u>	<u>3,000,800</u>	<u>3,431,262</u>	<u>430,462</u>
Expenditures					
Engineering	20,000	30,000	50,000	37,142	12,858
Debt Service	-	391,808	391,808	-	391,808
Capital Outlay	<u>520,000</u>	<u>632,300</u>	<u>1,152,300</u>	<u>536,584</u>	<u>615,716</u>
Total Expenditures	<u>540,000</u>	<u>1,054,108</u>	<u>1,594,108</u>	<u>573,726</u>	<u>1,020,382</u>
Excess of Revenues Over Expenditures	<u>810,800</u>	<u>595,892</u>	<u>1,406,692</u>	<u>2,857,536</u>	<u>1,450,844</u>
Other Financing Sources (Uses)					
Transfer Out	<u>(391,808)</u>	<u>(1,408,192)</u>	<u>(1,800,000)</u>	<u>(1,791,808)</u>	<u>8,192</u>
Total Financing Sources (Uses)	<u>(391,808)</u>	<u>(1,408,192)</u>	<u>(1,800,000)</u>	<u>(1,791,808)</u>	<u>8,192</u>
Net Change in Fund Balance	418,992	595,892	(393,308)	1,065,728	1,459,036
Fund Balance-Beginning	<u>366,078</u>		<u>366,078</u>	<u>366,078</u>	
Fund Balance-Ending	<u>\$ 785,070</u>		<u>\$ (27,230)</u>	<u>\$ 1,431,806</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Storm Drain Impact Fee	\$ 285,000	\$ 165,000	\$ 450,000	\$ 628,693	\$ 178,693
Investment Earnings	200	-	200	242	42
Total Revenue	<u>285,200</u>	<u>165,000</u>	<u>450,200</u>	<u>628,935</u>	<u>178,735</u>
Expenditures					
Planning & Development	20,000	-	20,000	9,284	10,716
Capital Outlay	80,000	25,221	105,221	99,893	5,328
Total Expenditures	<u>100,000</u>	<u>25,221</u>	<u>125,221</u>	<u>109,177</u>	<u>16,044</u>
Excess (Deficiency) of Revenues Under Expenditures	<u>185,200</u>	<u>139,779</u>	<u>324,979</u>	<u>519,758</u>	<u>194,779</u>
Other Financing Sources (Uses)					
Transfers Out	-	(600,000)	(600,000)	-	600,000
Total Financing Sources (Uses)	<u>-</u>	<u>(600,000)</u>	<u>(600,000)</u>	<u>-</u>	<u>600,000</u>
Net Change in Fund Balance	185,200	(460,221)	(275,021)	519,758	794,779
Fund Balance-Beginning	<u>493,462</u>		<u>493,462</u>	<u>493,462</u>	
Fund Balance-Ending	<u>\$ 678,662</u>		<u>\$ 218,441</u>	<u>\$ 1,013,220</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Street Sign Impact Fee	\$ 50,000	\$ 20,000	\$ 70,000	\$ 78,935	\$ 8,935
Total Revenue	<u>50,000</u>	<u>20,000</u>	<u>70,000</u>	<u>78,935</u>	<u>8,935</u>
Expenditures					
Capital Outlay	66,000	-	66,000	44,516	21,484
Total Expenditures	<u>66,000</u>	<u>-</u>	<u>66,000</u>	<u>44,516</u>	<u>21,484</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(16,000)</u>	<u>20,000</u>	<u>4,000</u>	<u>34,419</u>	<u>30,419</u>
Net Change in Fund Balance	(16,000)	20,000	4,000	34,419	30,419
Fund Balance-Beginning	<u>89,146</u>		<u>89,146</u>	<u>89,146</u>	
Fund Balance-Ending	<u>\$ 73,146</u>		<u>\$ 93,146</u>	<u>\$ 123,565</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Street Light Impact Fee	\$ 550,000	\$ (100,000)	\$ 450,000	\$ 521,175	\$ 71,175
Total Revenue	<u>550,000</u>	<u>(100,000)</u>	<u>450,000</u>	<u>521,175</u>	<u>71,175</u>
Expenditures					
Engineering	-	12,000	12,000	12,000	-
Capital Outlay	550,000	(97,500)	452,500	297,829	154,671
Total Expenditures	<u>550,000</u>	<u>(85,500)</u>	<u>464,500</u>	<u>309,829</u>	<u>154,671</u>
Net Change in Fund Balance	-	(14,500)	(14,500)	211,346	(225,846)
Fund Balance-Beginning	<u>59,885</u>		<u>59,885</u>	<u>59,885</u>	
Fund Balance-Ending	<u>\$ 59,885</u>		<u>\$ 45,385</u>	<u>\$ 271,231</u>	

**HERRIMAN CITY, UTAH
HERRIMAN TOWNE CENTER-CITY HALL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended June 30, 2016**

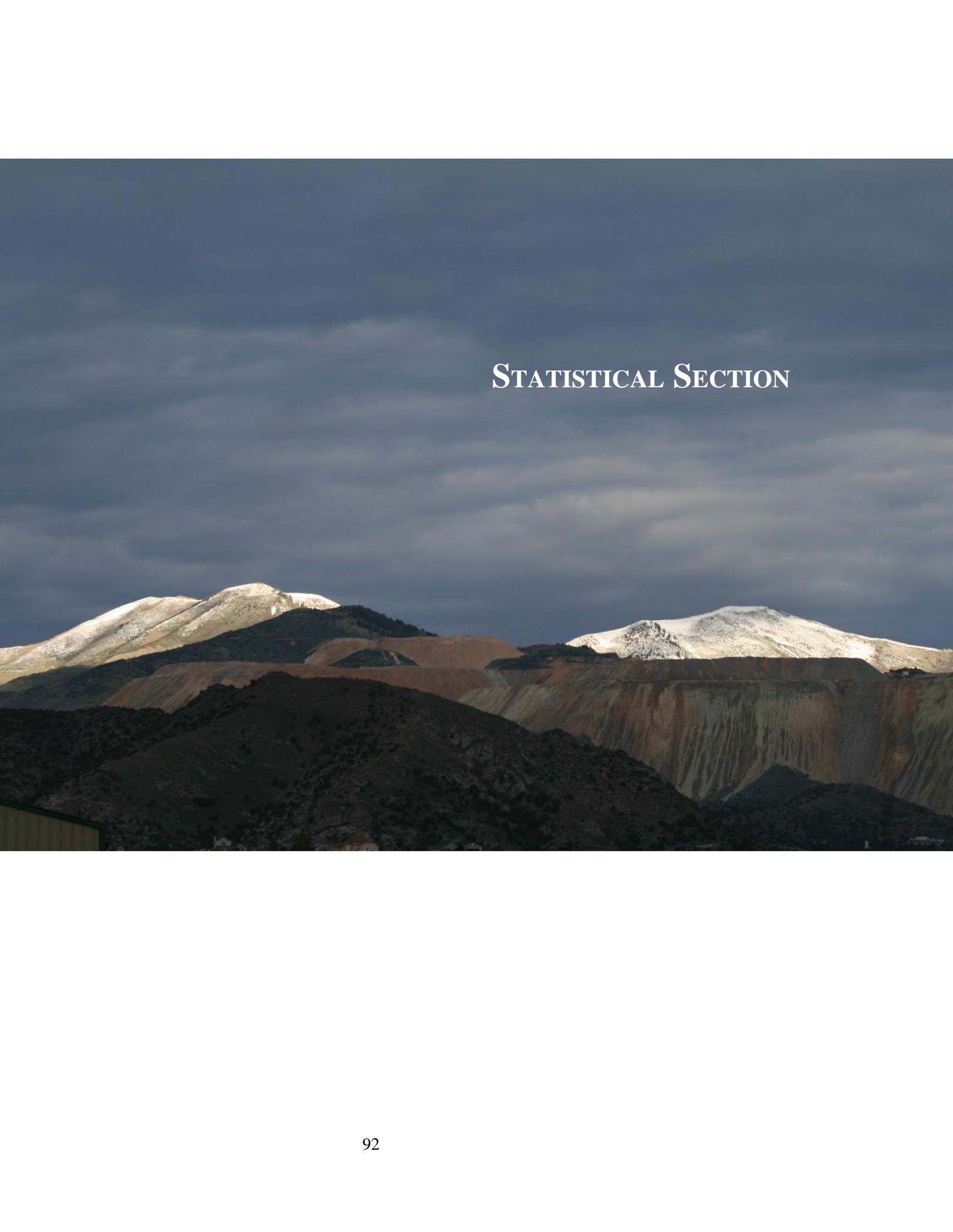
	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Investment Earnings	\$ 3	\$ (1)	\$ 2	\$ 79,586	\$ 79,584
Total Revenue	<u>3</u>	<u>(1)</u>	<u>2</u>	<u>79,586</u>	<u>79,584</u>
Expenditures					
Capital Outlay	625,000	3,475,000	4,100,000	3,134,164	965,836
Total Expenditures	<u>625,000</u>	<u>3,475,000</u>	<u>4,100,000</u>	<u>3,134,164</u>	<u>965,836</u>
Deficiency of Revenues Under Expenditures	<u>(624,997)</u>	<u>(3,475,001)</u>	<u>(4,099,998)</u>	<u>(3,054,578)</u>	<u>1,045,420</u>
Other Financing Sources (Uses)					
Bond Proceeds	-	15,000,000	15,000,000	15,000,000	-
Transfers In	625,000	1,800,000	2,425,000	2,217,616	(207,384)
Total Financing Sources (Uses)	<u>625,000</u>	<u>16,800,000</u>	<u>17,425,000</u>	<u>17,217,616</u>	<u>(207,384)</u>
Net Change in Fund Balance	3	13,324,999	13,325,002	14,163,038	838,036
Fund Balance-Beginning	<u>182,699</u>		<u>182,699</u>	<u>182,699</u>	
Fund Balance-Ending	<u>\$ 182,702</u>		<u>\$ 13,507,701</u>	<u>\$ 14,345,737</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, 2016

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Investment Earnings	\$ 70	\$ -	\$ 8,500	\$ 1,779	\$ (6,721)
Total Revenue	70	-	8,500	1,779	(6,721)
Expenditures					
Debt Service					
Principal	238,750	-	238,750	225,000	13,750
Interest	348,209	-	348,209	194,917	153,292
Total Expenditures	586,959	-	586,959	419,917	167,042
Deficiency of Revenues Under Expenditures	(586,889)	-	(578,459)	(418,138)	160,321
Other Financing Sources (Uses)					
Proceeds of Refunding Long Term Debt	-	6,801,714	6,801,714	6,736,593	(65,121)
Transfers In	886,959	195,777	1,082,736	1,082,736	-
Payment to Escrow Trustee (Agent)	-	-	-	(6,801,715)	(6,801,715)
Total Financing Sources (Uses)	886,959	6,997,491	7,884,450	1,017,614	(6,866,836)
Net Change in Fund Balance	300,070	6,997,491	7,305,991	599,476	(6,706,515)
Fund Balance-Beginning	<u>2,372</u>		<u>2,372</u>	<u>2,372</u>	
Fund Balance-Ending	<u>\$ 302,442</u>		<u>\$ 7,308,363</u>	<u>\$ 601,848</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, 2016**

	<u>Budgeted Amounts</u>			<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Changes</u>	<u>Final</u>		
Revenue					
Intergovernmental Revenue	\$ 1,800,000	\$ 7,897,200	\$ 9,697,200	\$ 3,877,200	\$ (5,820,000)
Investment Earnings	-	1,700	1,700	(1,339)	(3,039)
Total Revenue	<u>1,800,000</u>	<u>7,898,900</u>	<u>9,698,900</u>	<u>3,875,861</u>	<u>(5,823,039)</u>
Expenditures					
Debt Service	-	-	-	298,323	(298,323)
Operations	200,000	-	200,000	200,000	-
Capital Outlay	<u>1,070,000</u>	<u>16,323,665</u>	<u>17,393,665</u>	<u>11,989,635</u>	<u>5,404,030</u>
Total Expenditures	<u>1,270,000</u>	<u>16,323,665</u>	<u>17,593,665</u>	<u>12,487,958</u>	<u>5,105,707</u>
Deficiency of Revenues Under Expenditures	<u>530,000</u>	<u>(8,424,765)</u>	<u>(7,894,765)</u>	<u>(8,612,097)</u>	<u>(717,332)</u>
Other Financing Sources (Uses)					
Bond Proceeds	-	8,000,000	8,000,000	8,248,444	248,444
Transfers In	275,000	3,830,556	4,105,556	3,275,894	(829,662)
Transfers Out	-	(195,777)	(195,777)	(195,777)	-
Total Financing Sources (Uses)	<u>275,000</u>	<u>11,634,779</u>	<u>11,909,779</u>	<u>11,328,561</u>	<u>(581,218)</u>
Net Change in Fund Balance	805,000	3,210,014	4,015,014	2,716,464	(1,298,550)
Fund Balance-Beginning	<u>874,919</u>		<u>874,919</u>	<u>874,919</u>	
Fund Balance-Ending	<u>\$ 1,679,919</u>		<u>\$ 4,889,933</u>	<u>\$ 3,591,383</u>	



STATISTICAL SECTION

STATISTICAL SECTION

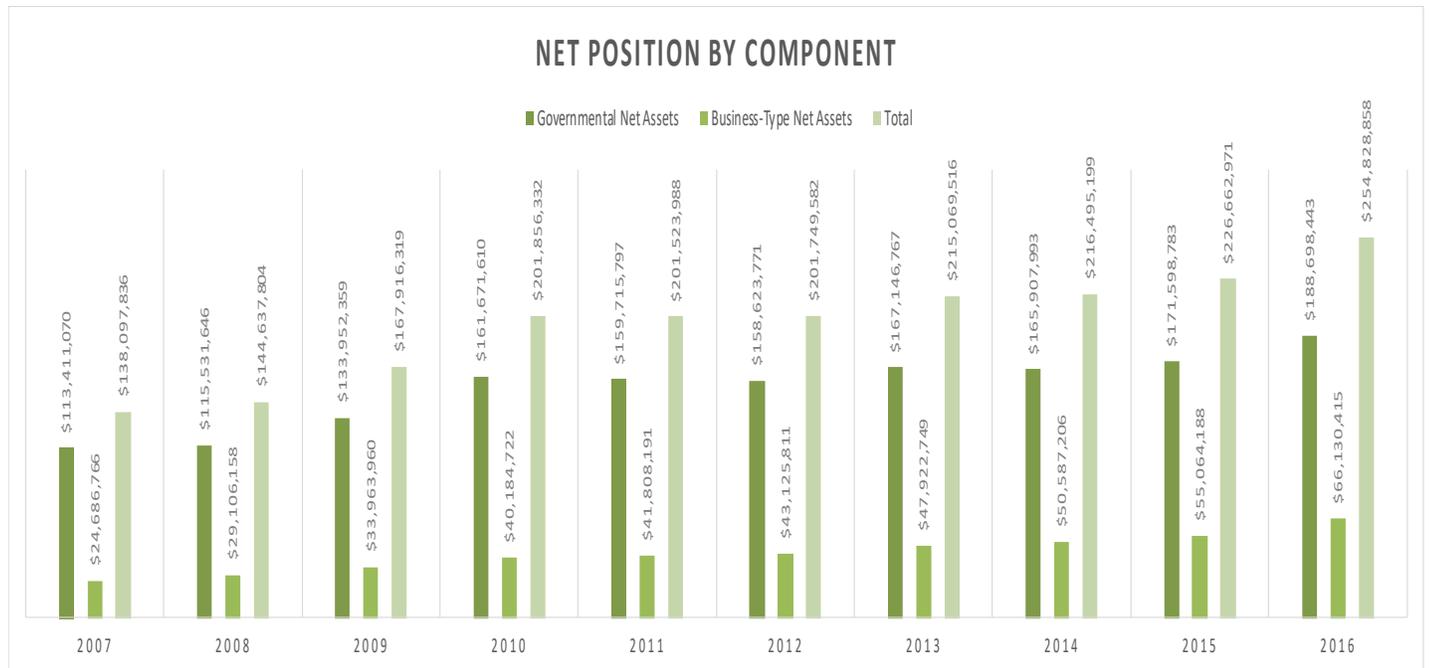
This part of the Herriman City Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplemental information says about the government's overall financial health.

CONTENTS

	PAGE
Financial Trends	94
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	103
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	113
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future years.</i>	
Demographic and Economic Information	117
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operational Information	119
<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									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 167,573,456
Restricted	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	2,496,374
Unrestricted	2,727,627	1,277,528	2,031,174	6,826,723	19,474,596	18,451,644	18,366,571	18,916,258	21,355,555	18,628,613
Total Governmental Activities Net	\$ 113,411,070	\$ 115,531,646	\$ 133,952,359	\$ 161,671,610	\$ 159,715,797	\$ 158,623,771	\$ 167,146,767	\$ 165,907,993	\$ 171,598,783	\$ 188,698,443
Business-Type Assets										
Net Investment in Capital Assets	\$ 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	\$ 54,444,905
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	7,292,347
Unrestricted	152,327	5,388,030	509,295	984,349	5,198,425	3,630,454	6,400,558	1,781,121	(281)	4,393,163
Total Business-Type Activities Net	\$ 24,686,766	\$ 29,106,158	\$ 33,963,960	\$ 40,184,722	\$ 41,808,191	\$ 43,125,811	\$ 47,922,749	\$ 50,587,206	\$ 55,064,188	\$ 66,130,415
Primary Government										
Net Investment in Capital Assets	\$ 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	\$ 222,018,361
Restricted	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	9,788,721
Unrestricted	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	23,021,776
Total Primary Government Net Assets	\$ 138,097,836	\$ 144,637,804	\$ 167,916,319	\$ 201,856,332	\$ 201,523,988	\$ 201,749,582	\$ 215,069,516	\$ 216,495,199	\$ 226,662,971	\$ 254,828,858



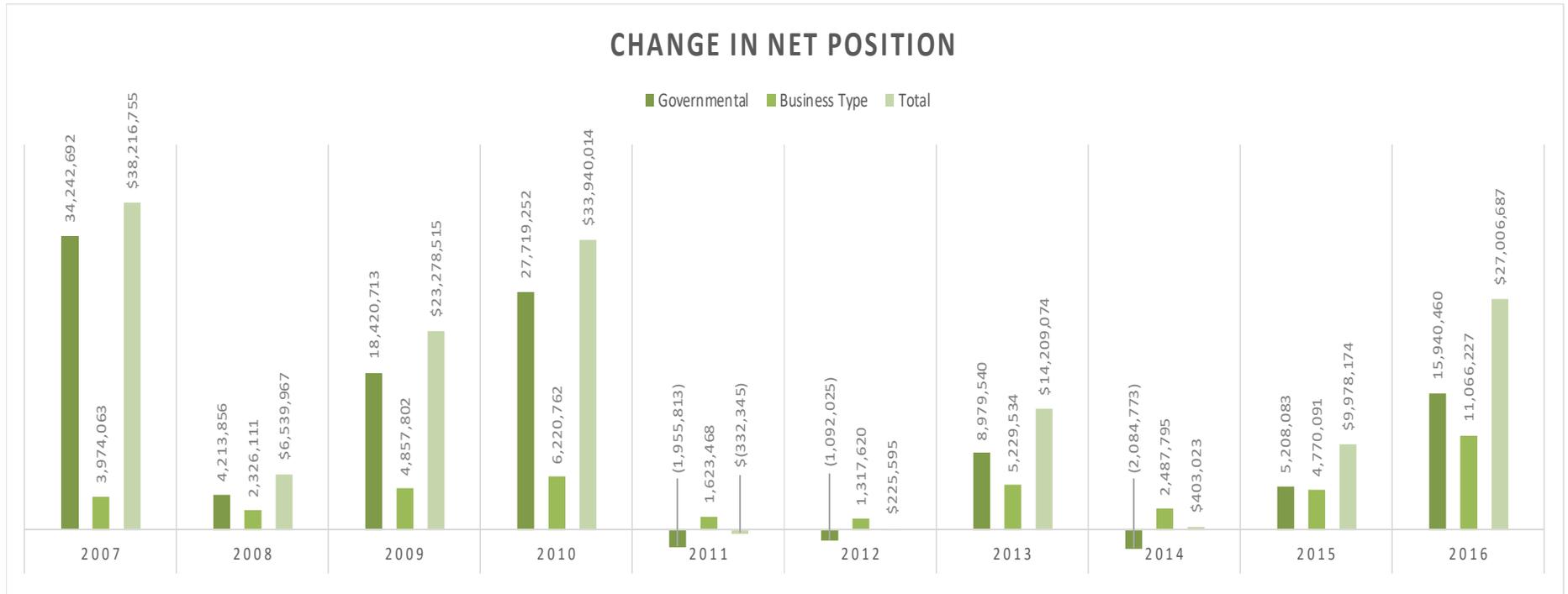
HERRIMAN CITY
 CHANGES IN NET POSITION
 Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
<u>Government Activities</u>										
Governmental										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 557,998	\$ 338,309
Administration	2,223,768	1,865,084	1,960,418	3,959,070	5,055,423	4,743,122	4,895,368	2,170,656	1,499,399	2,268,369
Finance	-	-	-	-	-	-	-	-	1,055,781	744,188
Operations	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	15,827,140
Community Development	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	2,543,734
Interest in Long Term Debt	56,325	323,110	414,974	450,180	659,180	450,903	1,179,005	1,003,028	1,009,575	1,097,968
Total Governmental Activities Expense	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	22,819,708
Business-Type Activities										
Water	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	8,996,706
Total Business Type-Activities	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	8,996,706
Total Primary Governmental Expense	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	31,816,414
Program Revenues										
<u>Governmental Activities</u>										
Charges for Services										
Governmental										
Administration	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	1,032,099
Operations	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	765,021
Community Development	99,725	-	-	-	117,340	-	758,793	4,197,729	4,312,894	4,473,260
Operating Grants & Contributions	572,601	656,474	635,128	661,748	1,502,698	925,011	810,853	785,409	-	-
Capital Grants & Contributions	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	26,509,103
Total Governmental Activities Program Revenues	\$ 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	\$ 32,779,483

HERRIMAN CITY
 CHANGES IN NET POSITION
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-Type Activities										
Charges for Services										
Water	\$ 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	\$ 7,651,498
Operating Grants & Contributions										
Capital Grants & Contributions	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	12,385,722
Total Business Type Activities Program Revenues	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	20,037,220
Total Primary Government Program Revenue	46,521,283	18,014,083	35,523,922	51,345,090	21,194,141	20,205,968	34,892,758	23,591,419	33,541,111	52,816,703
Net (Expenses) Revenue										
Government Activities	31,972,852	(541,771)	14,474,846	25,496,642	(5,684,386)	(5,043,907)	4,628,372	(7,012,246)	(225,518)	9,959,775
Business Type Activities	1,707,230	1,991,112	4,802,174	5,092,267	1,704,394	1,288,715	5,185,892	2,455,004	4,696,987	11,040,514
Total Primary Government Net Expenses	33,680,082	1,449,341	19,277,020	30,588,909	(3,979,992)	(3,755,192)	9,814,264	(4,557,242)	4,471,469	21,000,289
General Revenues and Other Changes in Net Assets										
Governmental Activities										
Property Tax levied for General Purposes	1,506,288	265,030	401,978	471,777	475,937	490,937	581,374	678,146	598,403	699,434
Sales and Use Tax	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	3,352,430
Franchise Tax	752,962	885,282	996,562	1,019,646	1,133,699	1,154,222	1,296,438	1,466,102	1,591,785	1,760,349
Unrestricted Earnings Investment	508,372	368,206	173,622	46,422	43,158	38,071	48,039	97,479	14,859	168,471
Miscellaneous	15,989	63,755	10,681	130,690	74,130	43,959	40,495			
Gain (Loss) on Disposal of Capital Assets	10,821	1,437,837	691,807	17,905		5,155		41,001	245,428	-
Transfers	(1,899,357)	(6,649)	-	(1,100,000)	100,000					
Total Governmental Activities	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	5,980,684
Business Type Activities										
Unrestricted Investment Earnings	367,476	1,217		28,495	19,074	28,905	43,642	32,791	41,106	25,713
Gain (Loss) on Disposal of Capital Assets									31,998	-
Transfers	1,899,357	333,782	55,628	1,100,000	(100,000)					
Total Business Type Activities	2,266,833	334,999	55,628	1,128,495	(80,926)	28,905	43,642	32,791	73,104	25,713
Total Changes in Net Position										
Governmental Activities	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	15,940,460
Business Type Activities	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	11,066,227
Total Changes in Net Position - Primary Government	\$ 38,216,755	\$ 6,539,967	\$ 23,278,515	\$ 33,940,014	\$ (332,345)	\$ 225,595	\$ 14,209,074	\$ 403,023	\$ 9,978,174	\$ 27,006,687

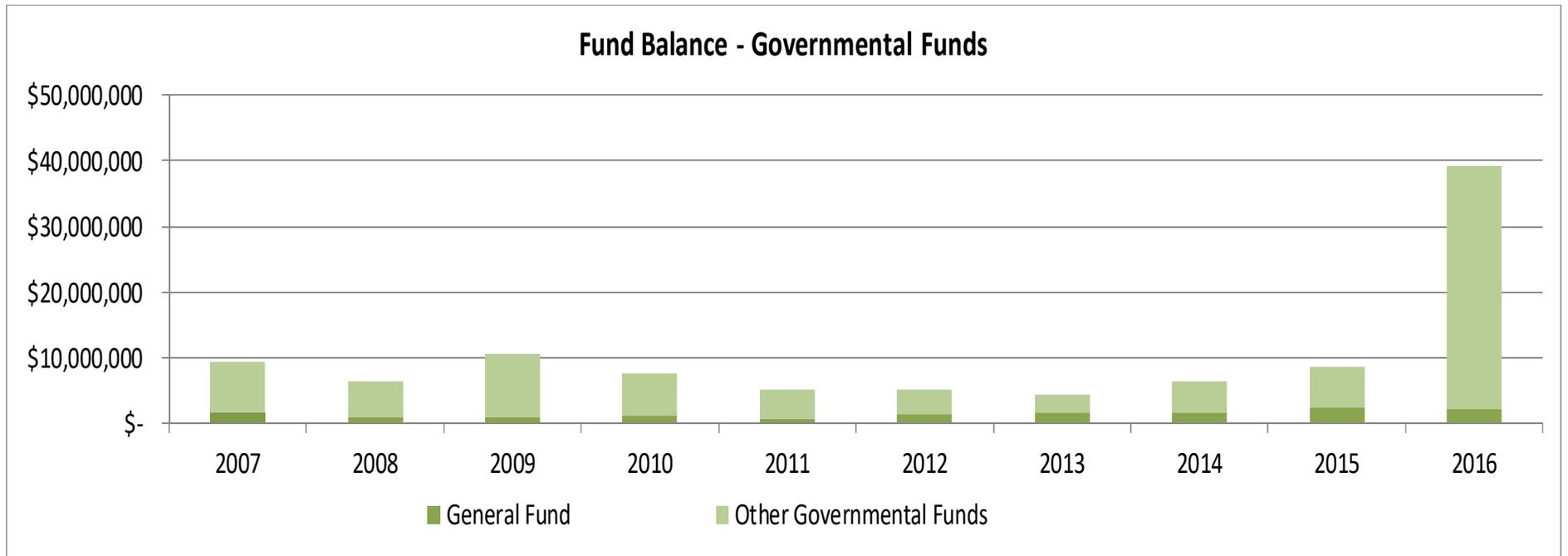
HERRIMAN CITY
 CHANGES IN NET POSITION
 Last Ten Fiscal Years



HERRIMAN CITY
 FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Restricted	-	-	-	-	-	2,997	87,773	-	-	-
Unassigned	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	2,302,516
Total General Fund	\$ 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	\$ 2,302,516
All Other Governmental Funds										
Assigned										
Special Revenue Fund	-	-	-	-	-	-	-	-	2,845,793	18,312
Debt Service	-	-	-	-	-	-	-	-	2,372	-
Capital Projects	-	-	-	-	-	-	-	-	895,924	1,408,016
Restricted										
Special Revenue Fund	213,946	2,188,072	1,331,228	5,663,402	3,434,405	2,520,042	1,826,396	-	-	-
Debt Service	-	-	-	6	107	242	369	574	458,199	9,749,420
Capital Projects	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	25,834,324
Unassigned	1,112,802	312,453	1,116,784	167,921	-	-	-	2,545,552	-	-
Total All Other Governmental Funds	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	37,010,072
Total Governmental Funds	\$ 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	\$ 39,312,588

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



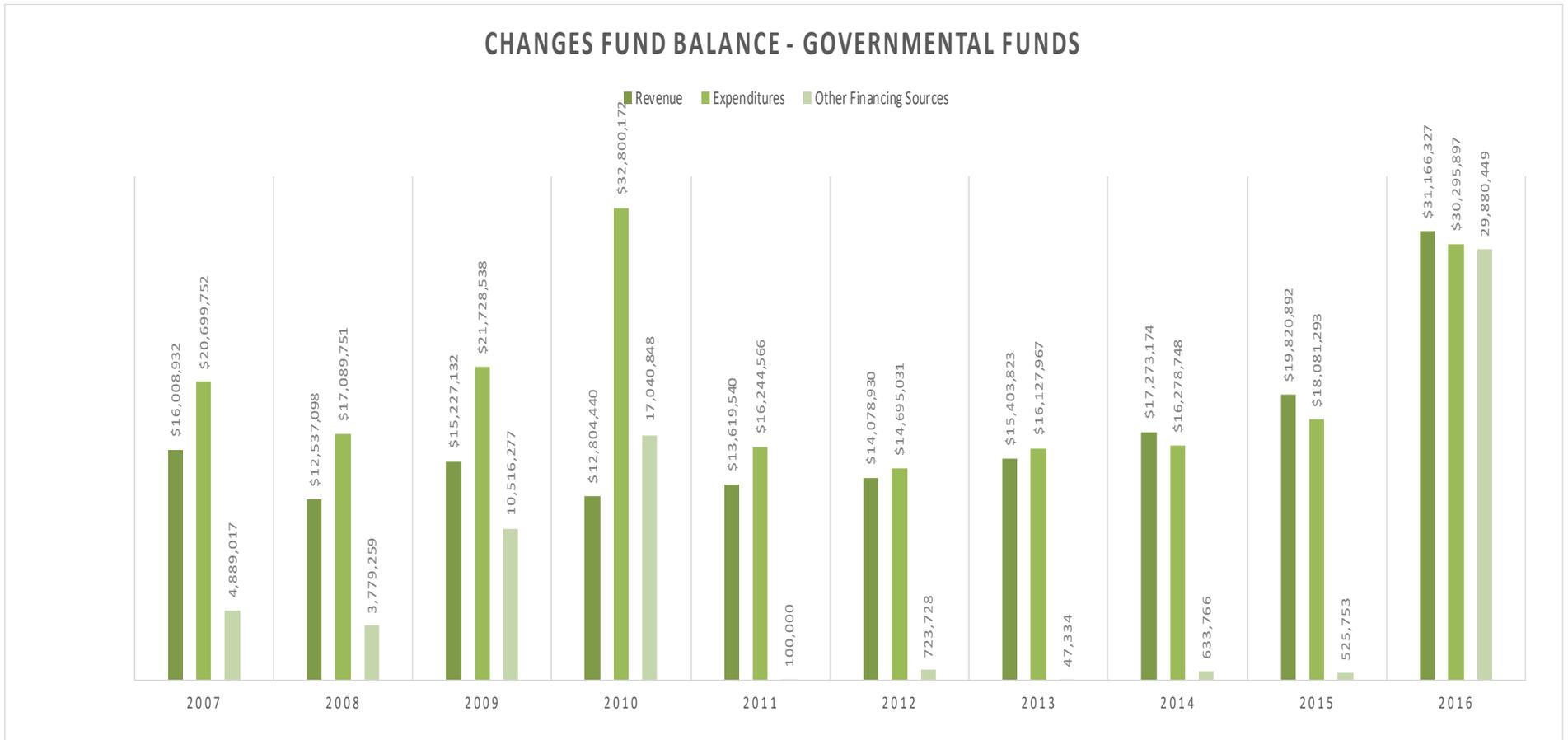
HERRIMAN CITY
 CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Property Taxes	\$ 1,506,288	\$ 265,030	\$ 401,978	\$ 471,777	\$ 475,937	\$ 490,937	\$ 581,374	\$ 678,146	\$ 566,619	\$ 655,513
Sales & Use Taxes	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	3,352,430
Franchise Taxes	752,962	885,281	1,002,562	840,196	882,406	910,908	1,043,846	1,466,102	1,591,785	1,760,349
Licenses & Permits	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	5,431,249
Intergovernmental	528,601	4,092,964	4,580,830	621,702	669,375	754,221	797,757	796,914	1,422,530	5,802,035
Charges for Services	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	1,441,607
Fines & Forfeitures	183,461	152,604	153,606	158,759	156,398	147,662	157,179	120,864	171,547	137,853
Special Assessment Revenue	-	-	-	-	-	-	-	-	1,174,073	1,456,676
Impact Fee Revenue	6,245,793	2,790,710	2,007,831	836,651	1,647,483	1,910,977	2,011,906	2,671,337	5,009,135	9,202,733
Contributions	200	75	-	353,937	-	133,343	1,375,818	1,142,606	241,468	-
Grants	67,460	23,476	44,299	32,100	109,574	38,254	88,454	-	-	-
Interest Earnings	622,978	404,661	127,573	20,540	19,378	19,559	47,552	97,478	14,859	168,471
Miscellaneous Revenue	26,655	87,691	153,033	2,771,829	162,756	1,774,006	1,596,160	1,496,193	644,944	128,712
Total Revenues	\$ 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	\$ 28,439,783
Expenditures										
Current Operating										
Governmental										
General Government										
Legislative	-	-	-	-	-	-	-	-	134,828	114,612
Planning Commission	-	-	-	-	-	-	-	-	19,717	19,695
Legal	-	-	-	-	-	-	-	-	186,872	207,081
Administration										
Administration	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	814,622
Communications	-	-	-	-	-	-	-	-	174,233	234,787
Courts	-	-	-	-	-	-	-	157,852	163,567	181,176
Human Resources	-	-	107,031	151,485	134,544	197,098	243,350	285,494	211,511	218,467
Recorder	-	-	-	-	-	-	-	166,538	194,307	285,858
Finance										
Finance	-	-	-	-	-	-	-	-	419,069	430,068
Information Technology	-	-	-	-	-	-	-	-	544,931	326,105
Operations										
Facilities	240,669	262,567	249,074	352,090	253,407	221,557	246,683	346,511	359,281	374,417
Enforcement/Emergency	2,143,434	1,805,244	1,936,399	2,105,359	2,873,087	1,450,273	366,158	340,145	341,703	366,288
Fleet Management	60,028	82,460	115,506	160,022	143,621	143,248	158,799	174,430	181,214	172,439
Streets	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	3,005,992
Events	-	-	-	-	-	-	-	598,103	653,255	698,667
Parks & Cemetery	1,819,432	1,330,930	6,595,926	1,266,009	1,373,116	1,323,951	1,361,370	1,423,463	2,091,311	2,220,338
Community Development										
Building	6,100,324	519,043	398,757	533,239	528,740	577,182	832,497	474,060	561,395	623,263
Economic Development	-	-	-	-	-	-	-	95,291	96,309	164,714
Engineering	820,792	526,486	272,810	638,274	454,325	569,145	716,330	594,754	886,003	1,096,063
GIS	253,744	466,194	379,668	450,160	487,740	486,381	734,240	815,532	255,960	291,646
Planning	655,116	811,058	578,270	534,325	3,507,037	736,655	752,936	508,825	440,483	405,604
Capital Outlay	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	15,738,538
Debt Service										
Principal Retirement	267,000	1,240,500	-	-	-	870,000	1,875,000	1,375,625	2,320,140	1,246,036
Interest and Fiscal Charges	69,570	42,413	66,562	416,448	1,563,551	1,189,090	1,176,461	1,025,666	1,014,314	781,955
Cost of Issuance	-	-	213,663	-	-	-	-	-	-	298,323
Total Expenditures	\$ 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	\$ 30,316,754
Excess (Deficiency) of Revenues	\$ (4,690,820)	\$ (4,552,653)	\$ (6,501,406)	\$ (19,995,732)	\$ (2,625,026)	\$ (616,101)	\$ (724,144)	\$ 994,426	\$ 1,739,599	\$ (1,876,971)

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

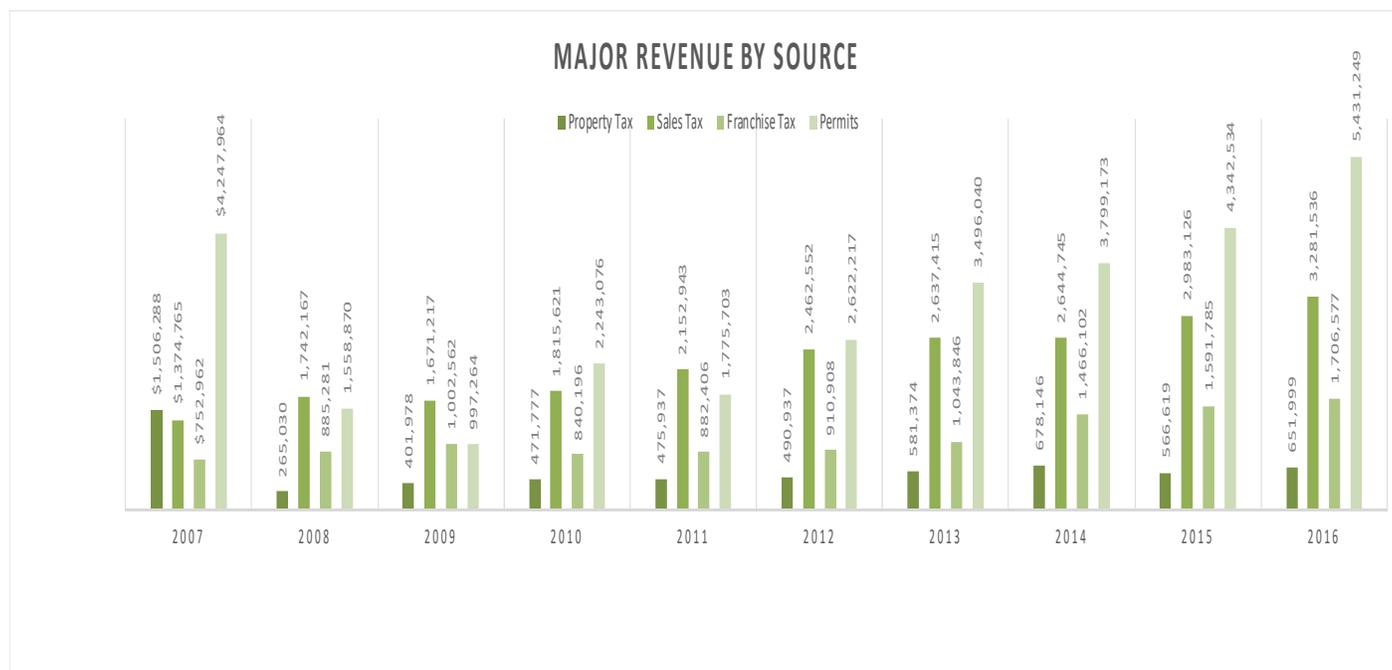
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other Financing Sources										
Transfers In	2,044,000	1,717,004	680,000	388,000	184,197	629,823	904,284	1,534,472	1,660,454	6,576,246
Transfers Out	(2,668,779)	(1,723,653)	(680,000)	(1,488,000)	(84,197)	(629,823)	(904,284)	(1,534,472)	(1,660,454)	(6,576,246)
Sale of Fixed Assets	5,390,483	3,116,404	2,166,377	46,872		696,188		(2,800)	245,428	-
Loan Proceeds	123,313	669,504	8,349,900	18,093,976		27,540	47,334	636,566	280,325	29,985,037
Payment to Bond Escrow Trustee	-	-	-	-	-	-	-	-	-	(6,801,715)
Total Other Sources	4,889,017	3,779,259	10,516,277	17,040,848	100,000	723,728	47,334	633,766	525,753	23,183,322
Net Change in Fund Balance	198,197	(773,394)	4,014,871	(2,954,884)	(2,525,026)	107,627	(676,810)	1,628,192	2,265,352	21,306,351
Fund Balance Beginning of the Year	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	8,561,709
Prior Period Adjustment								168,195		
Fund Balance End of Year	\$ 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	\$ 29,868,060
Debt Service as a percent of Non-Capital Expenditures	11.11%	27.20%	11.07%	2.20%	14.35%	17.57%	28.97%	19.70%	25.70%	9.23%

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
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
2016	651,999	3,281,536	1,706,577	5,431,249



HERRIMAN CITY
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 DIRECT AND OVERLAPPING GOVERNMENTS
 June 30, 2016

Fiscal Year	Real Property						Personal Property	Motor Vehicles	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Primary Residential	Secondary Residential	Commercial Property	Agricultural	Unimproved Land	Centrally Assessed						
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	1,750,342,216	0.60420271
2014	964,777,865	119,898,900	49,184,760	590,330	1,840,530	27,960,311	11,087,528	2,489,867	1,177,830,091	0.3840	1,967,227,941	0.598725784
2015	1,143,062,234	115,991,620	62,074,820	590,550	5,505,780	28,390,803	12,883,600	2,571,847	1,371,071,254	0.3610	2,306,336,933	0.594480032
2016	1,303,125,506	137,908,010	69,507,750	633,310	1,295,370	30,812,158	13,821,374	2,731,508	1,559,834,986	0.3610	2,626,059,303	0.593983153



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 assesses 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, 2016

Fiscal Year	Direct		Overlapping Rates								Total Direct & Overlapping Rates	
	Herriman City	Salt Lake County	Unified Fire Service	Salt Lake Valley Law Enforcement	Jordan Valley Water Conservancy District	South Valley Sewer	Central Utah Water Conservancy	South Salt Lake Mosquito Abatement	Jordan School District	Debt Service		
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
2016	0.3610	2.8190	0.6830	2.0000	2.0420	0.4000	0.3540	0.4050	0.0190	6.8720		15.9550

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

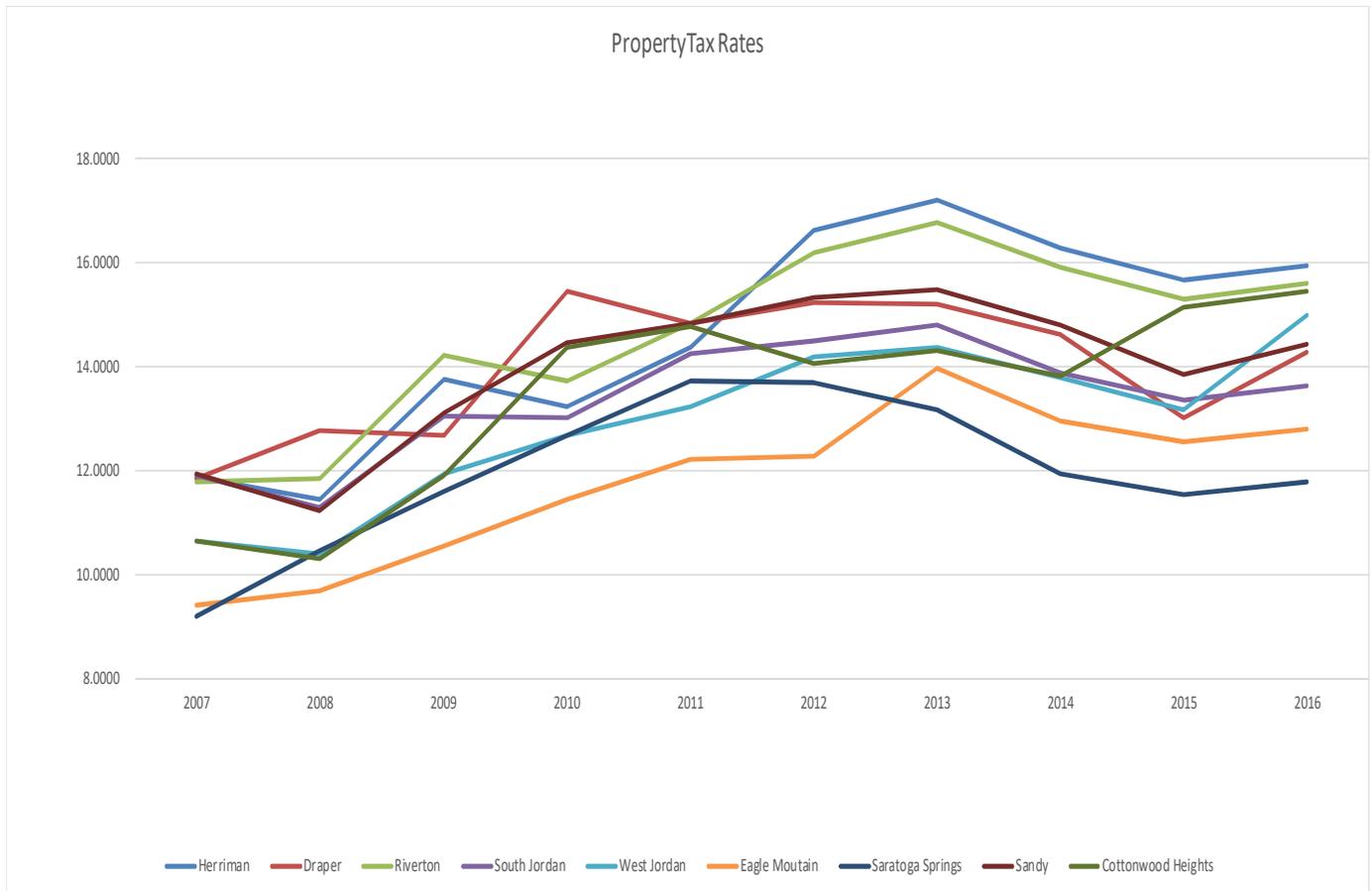
Tax rates listed are per \$1,000 of assessed value.

TOTAL DIRECT AND OVERLAPPING TAX RATES

	Herriman	Draper	Riverton	S Jordan	W Jordan	Eagle Mtn	Saratoga Springs	Sandy	Cottonwood Heights
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
2016	15.9550	14.2830	15.5940	13.6340	14.9890	12.7950	11.7870	14.4480	15.4370

Source: Utah Division of Property Tax

HERRIMAN CITY
 PROPERTY TAX RATES
 DIRECT AND OVERLAPPING GOVERNMENTS
 June 30, 2016



HERRIMAN CITY
 PRINCIPAL PROPERTY TAXPAYERS
 June 30, 2016

Taxpayer	2016			2007		
	Total Assessed		Percentage of	Total Assessed		Percentage of
	Value	Rank	Total Assessed	Value	Rank	Total Assessed
CR Farmgate Communities LLC	\$ 32,629,520	1	2.09%			
Miller Timbergate Apartments LLC	14,192,695	2	0.91%			
Solameer Townhomes, LLC	13,732,070	3	0.88%			
Terrameer LLC	13,638,625	4	0.87%			
HTC Communities LLC	12,678,600	5	0.81%			
Anthem Star LLC	8,354,500	6	0.54%			
Terrameer LLC	8,206,880	7	0.53%			
Herriman Crossroads, LLC	8,077,400	8	0.52%			
Richmond American Homes of Utah	7,308,010	9	0.47%			
Smith's Food & Drug Centers Inc	6,250,800	10	0.40%	6,838,700	3	0.56%
Boulders at Rosecrest Development				8,474,125	1	0.70%
Rosecrest Inc.				7,989,905	2	0.66%
Cove at Herriman Springs LLC				5,968,800	4	0.49%
H V Commercial LLC				4,180,300	5	0.35%
McArthur Homes at Legacy Ranch				3,589,965	6	0.30%
Wagstaff Investments				2,942,500	7	0.24%
South Farm LLC				2,676,370	8	0.22%
Herriman Storage LLC				2,396,101	9	0.20%
Majestic Herritage Land & Devopment				2,044,600	10	0.17%
Total	\$ 125,069,100		8.02%	\$ 47,101,366		3.89%

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
2007	315,072	308,754	97.99%	19,608	328,362	104.22%
2008	358,611	335,596	93.58%	28,254	363,850	101.46%
2009	375,853	369,937	98.43%	41,478	411,415	109.46%
2010	393,096	403,275	102.59%	22,843	426,118	108.40%
2011	403,055	422,443	104.81%	10,929	433,372	107.52%
2012	414,194	438,076	105.77%	18,651	456,727	110.27%
2013	446,583	463,843	103.86%	11,652	475,495	106.47%
2014	477,332	483,324	101.26%	11,160	494,484	103.59%
2015	509,116	510,608	100.29%		510,608	100.29%
2016	553,037	636,261	115.05%		636,261	115.05%

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

Utah State reports beginning of year tax levy, however, the actual collections are based on
collects of original levy and new growth during the year.

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	
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%
2016	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

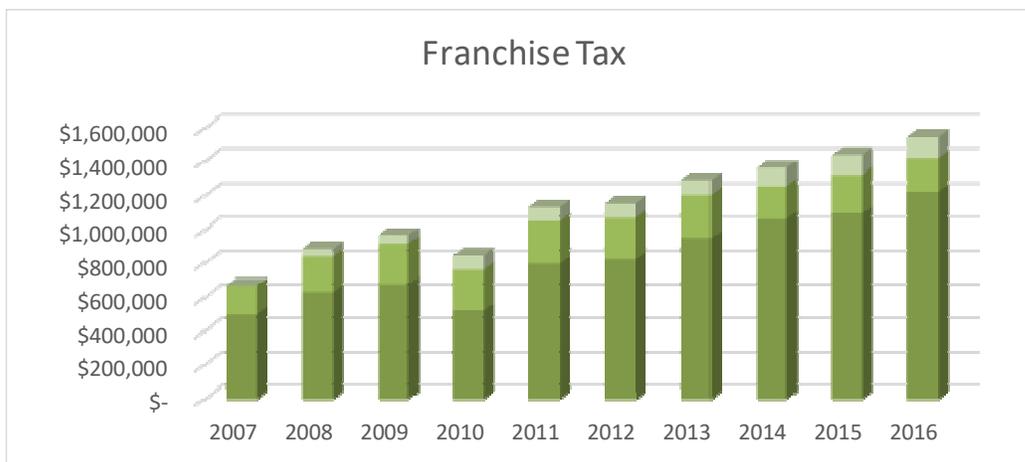
	Total Point of Sales	50% of State Wide POS/POP Pool	Remainder of POS	Less Adjustments and Administration	Total Distribution	Percent Increase
2007	-	-	-	-	1,329,258	
2008	-	-	-	-	1,619,083	
2009	-	-	-	-	1,731,611	
2010	-	-	-	-	1,615,111	
2011	-	-	-	-	1,825,910	
2012	-	-	-	-	2,187,346	
2013	1,010,388	1,895,935	505,194	52,892	2,348,237	
2014	1,072,138	2,123,167	536,069	54,983	2,604,253	10.90%
2015	1,225,997	2,362,009	612,998	54,650	2,920,358	12.14%
2016	1,391,476	2,648,726	695,748.11	62,937	3,281,537	12.37%

HERRIMAN CITY
 SALES TAXPAYERS
 Current Year and Nine Years Ago

Taxpayer	2016		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%		
Total		13.32%		0.00%

HERRIMAN CITY
 FRANCHISE TAX REVENUE
 Last Ten Fiscal Years

	Energy	Telephone	Cable TV	Total
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
2016	1,223,053	197,116	130,635	1,550,804



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

Fiscal Year	Governmental Activities							Business-Type Activities			Total Primary Government	Percentage of Personal Income	
	General Obligation Bonds	Excise Tax Bonds	Sales Tax Bonds	Revenue Bonds	Special Assessment Bonds	Purchase Agreement	Capital Leases	Water Bonds	Purchase Agreement	Capital Leases		Per Capita	
2007	-	-	217,000	1,021,000	-	5,286,906	457,712	13,943,838	-	113,503	21,039,959	12.56%	1,231
2008	-	-	-	-	-	4,387,853	725,760	13,327,989	-	113,165	18,554,767	9.30%	1,028
2009	-	-	7,850,000	-	-	3,377,729	764,928	12,970,115	-	76,603	25,039,375	11.09%	1,363
2010	-	-	8,960,000	-	18,050,937	2,411,367	427,982	12,602,045	-	75,710	42,528,041	15.60%	1,952
2011	-	-	7,850,000	-	18,063,033	1,328,347	283,606	18,805,774	-	43,982	46,374,742	13.97%	1,819
2012	-	-	7,650,000	-	17,405,130	-	91,481	18,161,291	603,738	27,309	43,938,949	11.77%	1,610
2013	-	-	7,450,000	-	15,742,227	300,000	94,023	21,933,589	603,738	33,126	46,156,703	11.08%	1,558
2014	-	-	7,250,000	-	14,915,000	721,875	97,104	21,275,659	1,025,613	203,457	45,488,708	7.86%	1,476
2015	-	-	7,025,000	-	12,995,000	581,250	344,583	22,522,000	337,663	198,068	44,003,564	Not Available	1,401
2016	-	-	28,645,000	-	12,240,000	440,625	219,172	23,681,000	197,038	122,563	65,545,398	Not Available	2,011

HERRIMAN CITY
 DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
 As of June 30, 2016

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Jordan School District	66,971,252	12.50%	8,371,407
Salt Lake County	677,724,523	2.85%	19,342,737
Unified Fire Service Area	30,115,000	11.61%	3,495,987
Salt Lake Valley Law Enforcement	-		-
Sub-Total Overlapping Debt	<u>774,810,775</u>		<u>31,210,130</u>
Herriman City Direct Debt	<u>24,618,238</u>		<u>24,618,238</u>
Total Direct and Overlapping Debt	<u><u>\$ 799,429,013</u></u>		<u><u>\$ 55,828,368</u></u>

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

**HERRIMAN CITY
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years**

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
GOVERNMENTAL DEBT										
Debt Limit	\$ 30,205,617	\$ 48,085,461	\$ 55,034,293	\$ 47,005,863	\$ 48,817,675	\$ 42,182,624	\$ 42,302,460	\$ 47,113,204	\$ 54,842,850	\$ 62,393,399
Total Net Debt Applicable to Limit										
Legal Margin	\$ 30,205,617	\$ 48,085,461	\$ 55,034,293	\$ 47,005,863	\$ 48,817,675	\$ 42,182,624	\$ 42,302,460	\$ 47,113,204	\$ 54,842,850	\$ 62,393,399
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										\$ 1,559,834,986
Add Back: Exempt Real Property										-
Total Assessed Value										<u>1,559,834,986</u>
Debt Limit										
General Debt 4%										62,393,399
Total Debt Limit										<u>62,393,399</u>
Debt Applicable to Limit:										
General Bonds										-
Less:										
Amount Set Aside for Repayment										-
Total Net Debt Applicable to Limit										<u>-</u>
Legal Debt Margin										<u>\$ 62,393,399</u>

BUSINESS-TYPE DEBT

Debt Limit	\$ 60,411,234	\$ 96,170,922	\$ 110,068,587	\$ 94,011,726	\$ 97,635,350	\$ 84,365,248	\$ 84,604,921	\$ 94,226,407	\$ 109,685,700	\$ 124,786,799
Total Net Debt Applicable to Limit										
Legal Margin	\$ 60,411,234	\$ 96,170,922	\$ 110,068,587	\$ 94,011,726	\$ 97,635,350	\$ 84,365,248	\$ 84,604,921	\$ 94,226,407	\$ 109,685,700	\$ 124,786,799
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										\$ 1,559,834,986
Add Back: Exempt Real Property										-
Total Assessed Value										<u>1,559,834,986</u>
Debt Limit										
Water 8%										124,786,799
Total Debt Limit										<u>124,786,799</u>
Debt Applicable to Limit:										
Bonds										-
Less:										
Amount Set Aside for Repayment										-
Total Net Debt Applicable to Limit										<u>-</u>
Legal Debt Margin										<u>\$ 124,786,799</u>

HERRIMAN CITY
 PLEDGED REVENUE COVERAGE
 Last Ten Fiscal Years

Sales and Franchise Tax Bond								
Fiscal Year	Gross Revenue	Operating Transfers	Expenses Net of Depreciation	Net Available Revenue	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
2016	4,988,113	-	-	4,988,113	225,000	351,959	576,959	8.65
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
2016	16,826,812	-	5,820,147	11,006,665	694,000	589,606	1,283,606	8.57

HERRIMAN CITY
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Fiscal Years

Fiscal Year	Population	Household Income	Personal Income	Unemployment Rate
2007	17,087	29,406	167,486,774	2.90%
2008	18,051	33,142	199,415,414	2.60%
2009	18,371	36,878	225,828,579	3.60%
2010	21,785	37,538	272,588,443	6.90%
2011	25,490	39,081	332,058,230	6.80%
2012	27,291	41,038	373,322,686	6.00%
2013	29,617	42,189	416,503,871	5.00%
2014	30,816	\$ 56,361	578,940,192	3.50%
2015	31,409	Not Available	Not Available	3.30%
2016	32,600	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
 Current Year and Nine Years Ago

Employer	2016		2007	
	Employees	Rank	Employees	Rank
Providence Hall Inc.	250-499	1		
Blackridge Elementary	100-249	2		
Copper Mountain Middle School	100-249	3		
Fort Herriman Middle School	100-249	4		
Herriman City	100-249	5		
Herriman High School	100-249	6	Not Available	
Silvercrest Elementary	100-249	7		
Smith's Food & Drug	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

Functional Areas	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Elected Officials	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.50
Administration										
Administration	6.89	6.65	5.5	5.16	4.79	4.73	6.86	8.68	5.18	5.57
Communications									0.63	0.75
Courts	1.23	1.23	1.22	1.7	1.77	1.78	1.76	1.7	1.54	2.66
Human Resources			1	1	1.26	1.47	1.5	1.52	0.77	0.55
Recorder	1	1.05	1	1.02	1	1	1	1.31	2.32	2.68
Total Administration	9.12	8.93	8.72	8.88	8.82	8.98	11.12	13.21	10.44	12.21
Finance										
Finance	1.83	2.99	2.89	2.69	2.77	3.01	2.43	2.6	3.03	2.77
Information Technology									1.09	1.22
Total Finance	1.83	2.99	2.89	2.69	2.77	3.01	2.43	2.6	4.12	3.99
Operations										
Facilities	1.94	1.55	1.89	1.89	2.85	2.65	2.53	3.4	3.39	3.30
Enforcement/Emergency Services			0.1	0.1	0.1	0.1	0.1	0.1	0.1	-
Fleet Management	0.83	2.11	2.14	2.22	2.29	2.26	2.28	2.18	2.28	4.89
Street Maintenance	4.12	5.53	5.05	6.02	7.66	7.98	8.63	8.27	10.55	12.04
Community Events and Recreation	1.53	1.91	4.3	4.55	4.42	4.56	4.85	5.75	6.5	7.10
Parks/Cemetery	13.54	13.97	11.92	10.96	11.03	11.58	10.41	12.44	14.96	14.01
Total Operations	21.96	25.07	25.4	25.74	28.35	29.13	28.8	32.14	37.78	41.34
Planning & Development										
Building	7.06	7.28	3.92	4.93	4.16	4.04	4.63	4.75	5.66	6.37
Economic Development			0.12	0.5	0.5	0.5	0.25	0.75	0.52	0.50
Engineering	8.63	7.14	6.01	5.15	7.1	7.02	6.11	5.87	6.83	7.10
GIS	1.33	3.21	3.16	4.03	4.1	4.58	5.95	5.55	3.49	3.00
Planning	3.92	3.7	3.27	3.51	3.71	3.94	3.25	3.26	4.11	3.99
Total Planning & Development	20.94	21.33	16.48	18.12	19.57	20.08	20.19	20.18	20.6	20.96
Water	8.66	9.86	10.01	10.02	9.45	9.75	12.88	12.06	13.65	14.34
Total Full-Time Equivalent Units	64.01	69.68	65	66.95	70.46	72.45	76.92	81.69	88.09	94.34

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.

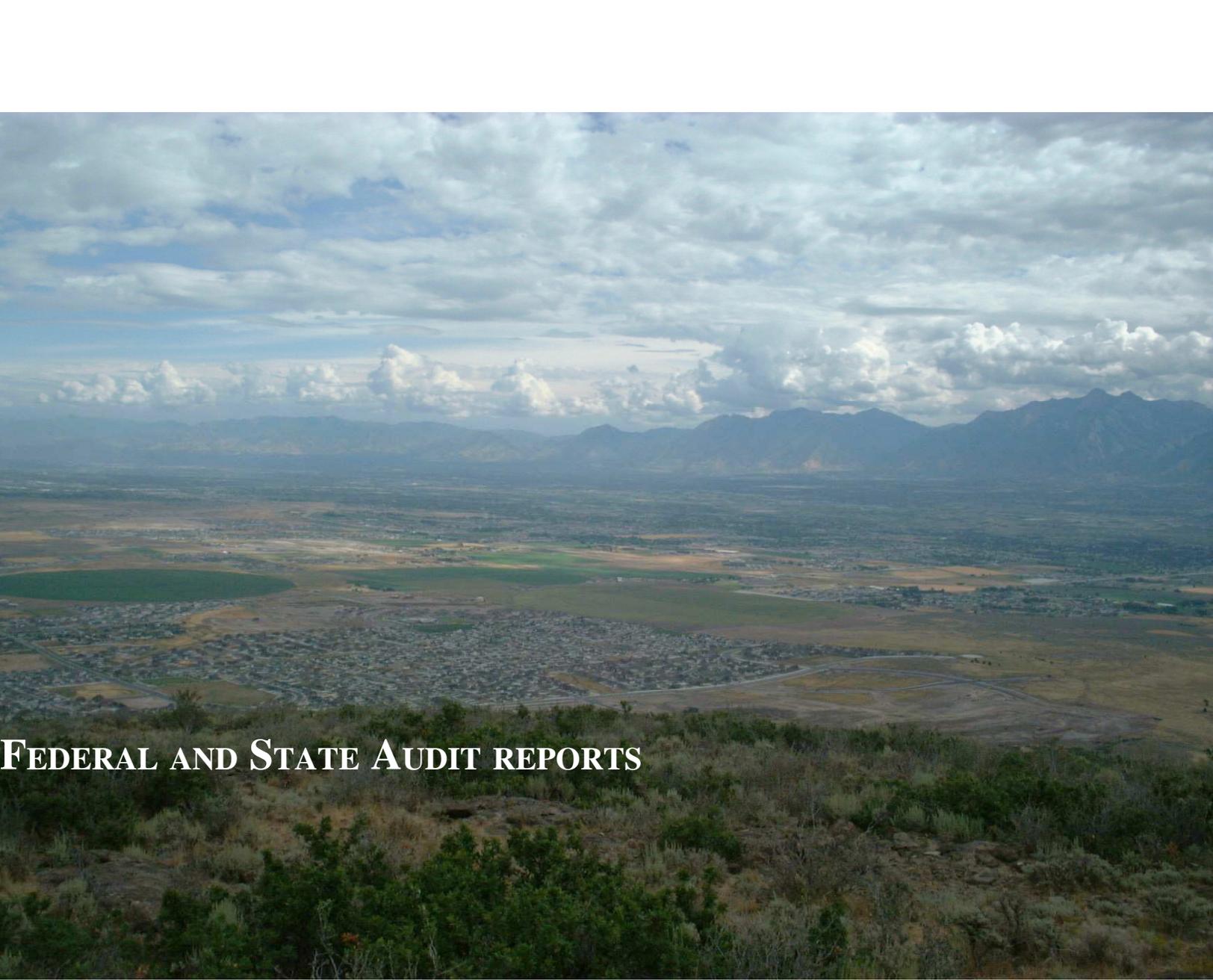
**HERRIMAN CITY
OPERATING INDICATORS
Last Ten Fiscal Years**

<u>Function</u>	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016								
Municipal Court																		
Traffic Cases Filed	1,457	2,025	1,926	1,716	1,399	1,995	2,022	1,368	2,001	880								
Traffic Cases Disposed	1,447	2,018	2,025	1,634	1,445	1,857	2,115	1,306	2,136	963								
Criminal Cases Filed	73	121	126	148	176	223	194	173	173	115								
Criminal Cases Disposed	53	107	119	156	167	175	173	173	152	120								
Small Claims	11	27	14	10	40	24	26	27	38									
Streets																		
Storm Drain (linear feet)									349,442	383,118								
Street Signs									2,306	2,617								
Streets (lane miles)									260	260								
Parks, Recreation and Trails																		
Parks									43	43								
Turf and Sports Fields (acres)									127	127								
Trees									4,374	4,374								
Park Strips (acres)									26	26								
Water Used																		
Culinary (thousand gallons)									170,500	170,750								
Secondary (thousand gallons)									61,307	250,000								
Asphalt and Concrete Trails (miles)									20.34	20.34								
Unpaved Equestrian Trails (miles)									6.33	6.33								
Primitive Trails (miles)									7.16	7.16								
Maintained Open Space (acres)									141	141								
Non-maintained Open Space (acres)									658	658								
Fences (miles)									22.60	22.60								
Building																		
Single Family		83	32	154	201	319	445	421	400	489								
	\$	1,474,547	\$	518,727	\$	2,461,274	\$	3,028,626	\$	4,813,857	\$	6,601,388	\$	6,061,122	\$	6,108,369	\$	6,771,990
Condos, Townhomes		32	26	-	2	14	28	47	71	125								
	\$	142,169	\$	359,481	\$	-	\$	67,449	\$	328,077	\$	931,234	\$	1,590,035	\$	3,164,574	\$	8,841,675
Basement		100	45	66	83	79	93	135	117	173								
	\$	22,303	\$	9,720	\$	15,239	\$	18,266	\$	17,190	\$	20,295	\$	29,284	\$	26,591	\$	37,387
Detached Garage/Barns		25	16	15	20	13	12	23	15	24								
	\$	13,403	\$	21,661	\$	8,816	\$	9,286	\$	12,906	\$	8,826	\$	12,382	\$	5,876	\$	11,323
Commercial		7	11	12	22	14	19	30	44	35								
	\$	127,431	\$	31,280	\$	401,939	\$	228,509	\$	202,642	\$	528,725	\$	320,135	\$	378,549	\$	583,794
Other		131	82	122	151	129	218	265	260	349								
	\$	15,547	\$	8,792	\$	30,960	\$	11,150	\$	10,889	\$	12,860	\$	14,956	\$	34,954	\$	58,773

HERRIMAN CITY
 OPERATING INDICATORS
 Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Water										
Water Gallons Billed (in thousands)										
Cullinary						1,285,656	1,428,877	1,345,948	1,260,089	1,980,186
Secondary						-	57,547	89,768	88,664	149,869
Water Connections										
Cullinary						5,888	5,911	6,950	7,570	8,133
Secondary						113	1,014	1,360	1,471	1,561

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



FEDERAL AND STATE AUDIT REPORTS

HERRIMAN CITY, UTAH
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

Title	Federal CFDA No.	Pass- through No.	Award Amount	Federal Expenditures
U.S. Department of Defense				
Direct Award				
National Guard Military Operations and Maintenance (O&M) Projects	12.401	N/A	\$ 2,697,200	\$ 2,697,200
U.S. Environmental Protection Agency				
Pass-through State of Utah Department of Environmental Quality				
Capitalization Grants for Drinking Water State Revolving Funds	66.468	#3F225	1,900,000	1,900,000
Total Expenditures of Federal Awards			\$ 4,597,200	\$ 4,597,200

HERRIMAN CITY, UTAH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2016

1. PURPOSE OF THIS SCHEDULE

The accompanying Schedule of Expenditures of Federal Awards (Schedule) is a supplementary schedule to the City's basic financial statements and is presented for additional analysis. The Schedule is required by the office of Management and Budget (OMB) Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

Federal Financial Assistance - Pursuant to the Single Audit Act of 1984; the Single Audit Act Amendments of 2004 and Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance, endowments, or direct appropriations. Federal financial assistance does not include direct federal cash assistance to individuals.

Catalog of Federal Domestic Assistance – Uniform Guidance requires the Schedule to show the total expenditures for each of the City's federal financial assistance programs as identified in the Catalog of Federal Domestic Assistance (CFDA). The CFDA is a government-wide summary of individual federal programs. Each program included in the CFDA is assigned a five digit program identification number (CFDA number) which is reflected in the Schedule. Federal financial assistance programs and contracts which have not been assigned a CFDA number have been identified as None in the CFDA Column of the schedule.

Type A and Type B Programs - The Single Audit Act of 1984 (as amended in 2004) and Uniform Guidance establish the levels to be used in defining Type A and Type B federal programs. Type A programs for the City are those programs that exceeded \$750,000 in the federal awards expended for the fiscal year ended June 30, 2016. All other programs are classified as Type B by the City.

Reporting Entity

The City reporting entity is fully described in Footnote 1 of the City's basic financial statements. The Schedule includes all federal financial assistance programs administered by the City for the year ended June 30, 2016.

HERRIMAN CITY, UTAH
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
For the Year Ended June 30, 2016

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting

Federal financial assistance programs included in the Schedule are reported in the City's basic financial statements as intergovernmental revenue in the Capital Projects Fund. The Schedule is presented using the same basis of accounting as described in Footnote 1 of the City's basic financial statements.

3. NON-CASH ASSISTANCE

No federal awards were expended in the form of non-cash assistance.

4. LOANS RECEIVABLE

The City held a state and federally-funded loan. The federal portion of this loan balance as of June 30 2016 is as follows:

CFDA# 66.468	Capitalization Grants for Drinking Water	\$1,900,000
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HERRIMAN CITY, UTAH
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

A.

1.	Type of Report Issued:	
2.	Internal Control over Financial Reporting:	
		No
	Significant Deficiencies Identified that were not Considered Material Weaknesses:	
3	Noncompliance Material to Financial Statements Noted:	No
4.	Internal Control over Major Programs:	
	Material Weaknessess Identified:	No
	Significant Deficiencies Identified that were not Considered Material Weaknesses:	
5	Type of Auditors' Report Issued on Compliance for Major Programs:	Unmodified
6	Any Audit Findings Disclosed that are Required to be Reported in Accordance with Uniform Guidance	None
7.	Federal Programs Tested as Major Programs:	CFDA 12.401
8.	Dollar Threshold Used to Distinguish Between Type A and Type B Programs:	\$750,000
9.	Auditee Qualifications as High or Low Risk:	Low

HERRIMAN CITY, UTAH
SUMMARY OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2016

B. Findings and Questioned Costs - Federal Award Programs

None

C. Findings and Questioned Costs - Federal Award Programs – Prior Year

No matters were reported in the prior year.

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR FEDERAL PROGRAMS AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE AUDIT REQUIREMENTS

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

Report on Compliance

We have audited the compliance of Herriman City, Utah ("the City") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on its federal programs for the year ended June 30, 2016.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for the City's federal programs based on our audit of the types of 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 audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the federal 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 for the City's federal programs. However our audit does not provide a legal determination of the City's compliance.

Opinion

In our opinion, Herriman City, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on its federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

October 31, 2016

Hansen, Bradshaw, Malmrose & Erickson

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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 the 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, Utah ("the City") as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2016.

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 entity'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 Reponses as item 16-1.

Management's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Reponses. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

October 31, 2016

Hansen, Bradshaw, Malmrose & Erickson

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INDEPENDENT AUDITORS' REPORT AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report On Compliance with General State Compliance Requirements

We have audited Herriman City, Utah's ("the City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

Budgetary Compliance	Restricted Taxes and Related Revenues
Fund Balance	Open and Public Meetings Act
Justice Courts	Treasurer's Bond
Utah Retirement Systems	Tax Levy Revenue Recognition

Management's Responsibility

Management is responsible for compliance with the general state requirements referred to above.

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

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

Opinion on General State Compliance Requirements

In our opinion, Herriman City, Utah complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

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 16-1. 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 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 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 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 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 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 16-1.

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.

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

October 31, 2016

HERRIMAN CITY, UTAH
Schedule of Findings and Responses
For the Year Ended June 30, 2016

State Compliance Finding

Requirement/Program

16-1 Budgetary Compliance

Current Year Findings

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, 2016, expenditures exceeded budgeted amounts in the following fund due to a bond refunding:

<u>Fund</u>	<u>Department/Category</u>	<u>Amount over Budget</u>
Debt Service Fund	Total expenditures	\$6,634,673

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.