



HERRIMAN , UTAH

ANNUAL FINANCIAL REPORT TO THE COMMUNITY

Fiscal Year Ending June 30, 2015

To the Mayor, City Council and Residents of Herriman City:

The City Manager and Director of Finance are proud to present the first Annual Financial Report to the Community also known as a Popular Annual Financial Report (PAFR) for the fiscal year (FY) ended June 30, 2015. This report provides an overview of the City’s financial condition and a brief analysis of where the City revenues come from and where those dollars are spent.

Most of the information in this report is drawn from the financial information appearing in the FY 2014-2015 Comprehensive Annual Financial Report (CAFR). The CAFR is a more detailed and complete financial presentation prepared in conformance with Generally Accepted Accounting Principles (GAAP) and was audited by the City’s independent auditors, receiving an unqualified opinion.

We hope you will find this information to be interesting and informative. We welcome your comments and suggestions for future reports. Both the CAFR and this document are available for viewing at the City Hall and on the City’s website at <http://www.herriman.org/>.

CITY OVERVIEW

Profile of the Government

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

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
Assistant City Manager
Director of Administration and

Brett Wood
Gordon Haight

Communication
Director of Financial Services
Operations Director
Water Director

Tami Moody
Alan Rae
Monte Johnson
Justun Edwards

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

Economic Outlook

The city continues to grow at a rapid pace and new infrastructure is a constant need. The city is issuing approximately 100 building permits per month. One time money associated with building and construction continues to be a major source of revenue for the City. However, commercial enterprises are taking notice of the growth and we are beginning to see new interest in the City.

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

During fiscal year 2015 the largest new commercial enterprise to open in the city was the WalMart Neighborhood Market. We have not seen the full effects of this new and many other new businesses that have opened in this past year. WalMart has also, announced their intention to build a Super Store in the City limits. This marks a significant development for the City as the expected sales tax increase of this store alone will be in excess of a million and a half dollars per year. Surrounding the WalMart Super Store will be a fifty acre commercial development. Plans are well underway for the Herriman Towne Center which will include a new city hall, park and commercial center. This development is expected to be a gathering place for the community including potentially and amphitheater, ice rink and splash pad in addition to a new commercial development.

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

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

Long-Term Planning

Utah State law requires that a City must maintain a General Fund balance of at least 5% and may not exceed 25% of budgeted revenue. Currently Herriman City’s General Fund balance is 20.8% of revenues. The fund balance has grown significantly in recent years due to foregoing some expenditures during the slower revenue years.

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

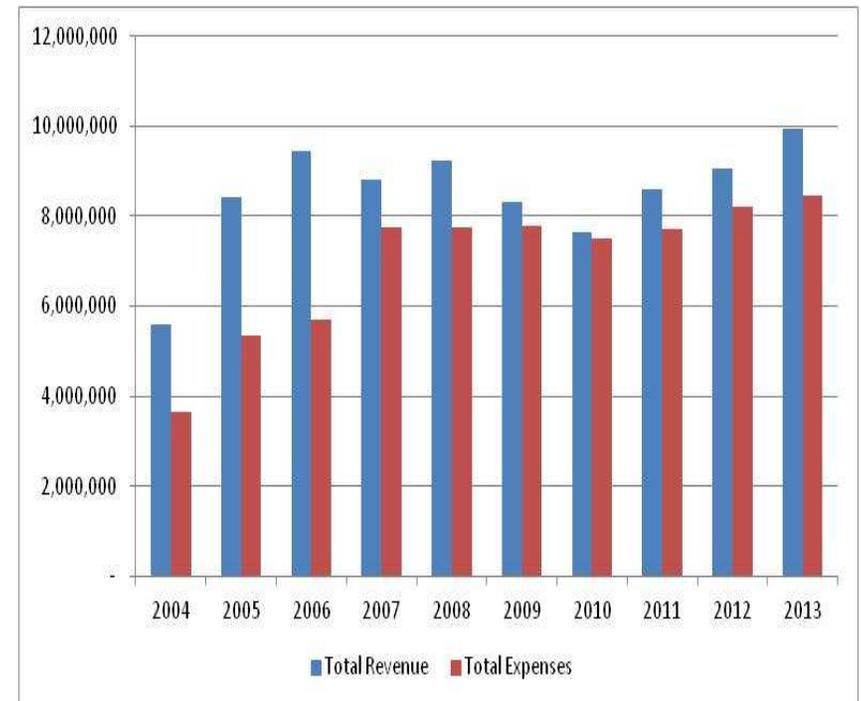
Fund Accounting

The following are the funds maintained by Herriman City

- General Fund – Operations of the government
- Debt Service – Used to accumulate the funds necessary to pay debt service
- Special Revenue – Funds with specific continuing source and use
 - Storm Drain Fee Fund
 - Street Light Fee Fund
 - Herriman Towne Center-CDA/SAA
 - Herriman Towne Center-City Hall
- Capital Projects Funds
 - General Capital Projects - for construction projects

- Impact Funds- Capital Projects Funds with specific source and use
 - Park Impact Fund
 - Street Impact Fund
- Enterprise Funds – are business-type funds and include the following utilities
 - Water
 - Water Rights Impact Fee Fund
 - Water Impact Fee Fund

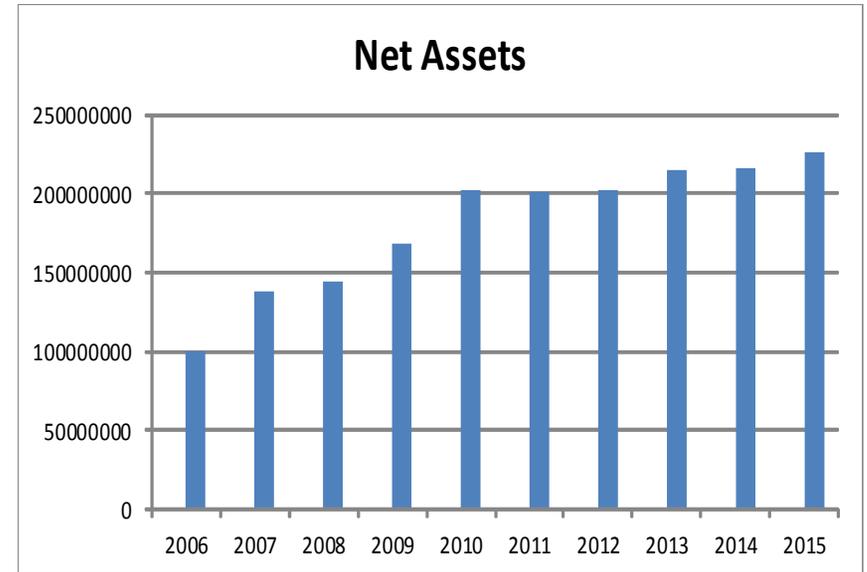
The following chart shows the trends of total revenues and total expenses for the past ten years.



STATEMENT OF NET ASSETS

The Statement of Net Assets presents information on all the City's assets and liabilities, with the difference between the two reported as net assets. Over time increases or decreases in net assets may serve as a useful indicator of whether the City's financial position is improving or deteriorating.

	<u>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 32,505,995	\$ 32,589,874
Capital Assets, Net Depreciation	242,983,469	232,548,642
Total Assets	<u>275,489,464</u>	<u>265,138,516</u>
Liabilities		
Current and Other Liabilities	4,828,863	5,215,318
Long Term Liabilities	43,878,104	43,428,000
Total Liabilities	<u>48,706,967</u>	<u>48,643,318</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	193,847,741	185,960,102
Restricted Net Assets	7,169,263	9,838,291
Unrestricted Net Assets	25,765,493	20,696,805
Total Net Assets	<u>\$ 226,782,497</u>	<u>\$ 216,495,198</u>



*Detailed financial reports can be found in the City's FY 2012 CAFR available on the City's website at <http://www.herriman.org> or at City Hall.

The Chart shows that the City's net assets have increased steadily since 2006 except for a slight dip in 2011. The greatest increases relate to assets contributed to the City by developers, such as streets, parks and water lines resulting in greater growth in Net Assets during times of population increase.

STATEMENT OF ACTIVITIES

The Statement of Activities provides a record of the money received by the City and spent during the year. Explanations of specific Resources and Services are provided in the following pages

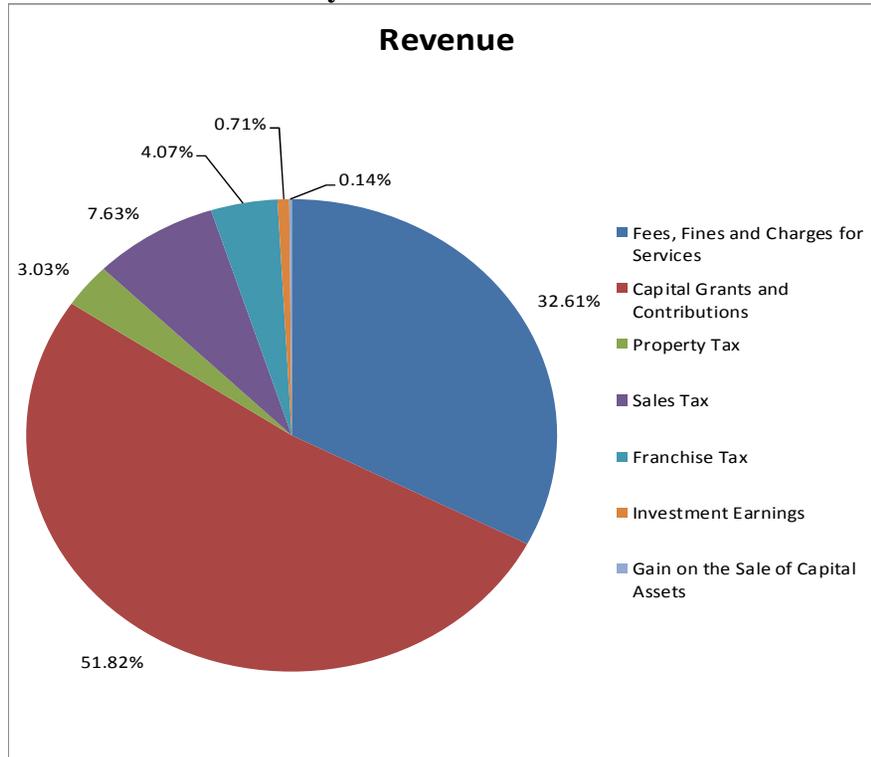
	2015	2014
Revenues:		
Program Revenues		
Fees, Fines and Charges for Services	\$ 12,756,436	\$ 11,109,782
Capital Grants and Contributions	<u>20,270,990</u>	<u>12,602,156</u>
	<u>33,027,426</u>	<u>23,711,938</u>
General Revenues		
Property Tax	1,184,791	678,146
Sales Tax	2,983,126	2,644,745
Franchise Tax	1,591,785	1,466,102
Gain on the Sale of Capital Assets	277,426	41,001
Investment Earnings	<u>55,964</u>	<u>130,270</u>
	<u>6,093,092</u>	<u>4,960,264</u>
Total Revenues	<u>39,120,518</u>	<u>28,672,202</u>
Expenses:		
General Government		
Legislative	352,542	
Plannig Commission	18,584	
Legal	186,872	
Administration		
Administration	776,343	1,560,772
Communications	171,193	
Courts	157,065	157,852
Human Resources	207,585	285,494
Recorder	187,213	166,538
Finance		
Finance	434,801	
Information Technology	620,980	
Operations		
Facilities	343,929	353,456
Enforcement/Emergency Services	396,370	354,570
Fleet Management	174,332	174,430
Streets	11,010,411	11,282,487
Events	637,390	598,103
Parks and Cemetery	2,942,175	2,178,750
Planning & Development		
Building	528,696	474,060
Economic Development	94,169	95,291
Engineering	854,924	616,971
GIS	245,695	815,532
Planning	424,333	508,825
Water	7,294,466	7,522,502
Interest on Long Term Debt	<u>962,750</u>	<u>1,003,028</u>
Total Expenses	<u>29,022,818</u>	<u>19,623,131</u>
Change in Net Assets	10,097,700	9,049,071
Net Assets Beginning of the Year	<u>216,684,797</u>	<u>207,635,726</u>
Net Assets End of the Year	<u>\$ 226,782,497</u>	<u>\$ 216,684,797</u>

*Detailed financial reports can be found in the City's FY 2014-2015 CAFR available on the City's website at <http://www.herriman.org> or at City Hall.

Program revenues are revenues derived from user fees where general revenues are taxes that can be used for any budgeted expenses of the City. The City's accounting was realigned to match the organizational chart in 2015.

REVENUES

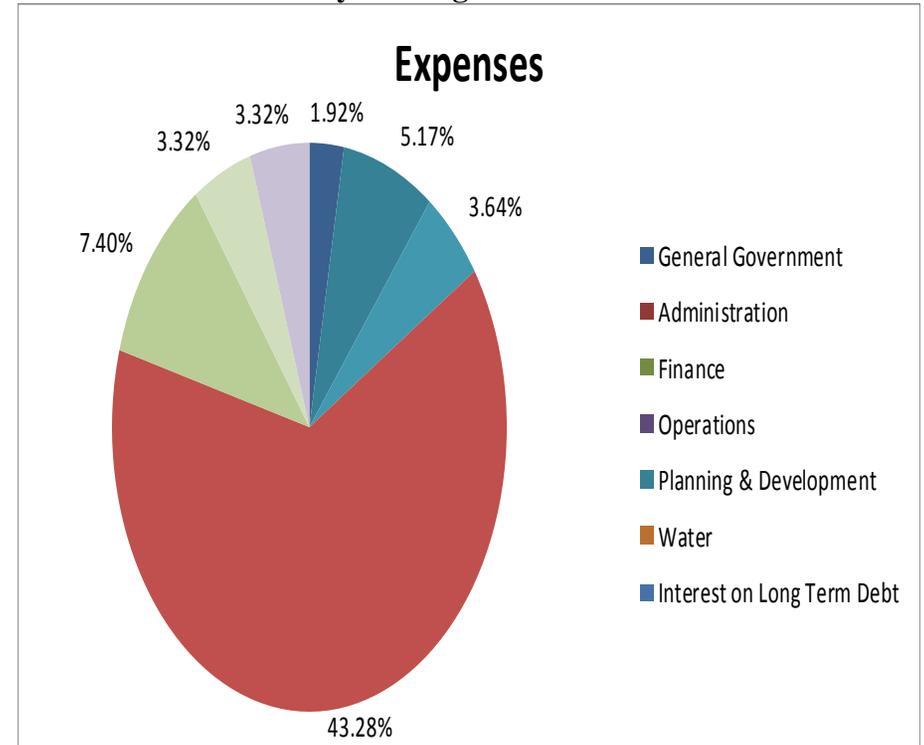
Where the money comes from...



- **Fees, fines and charges for services** – payments received directly by the City for services performed. This includes fees such as utility payments, business license, development services, recreation fee, parks and cemetery.
- **Capital grants and contributions** – monies and assets received from parties outside the City and are generally restricted to one or more specific programs. This includes State Police Grants, Class C Road Funds, impact fees and subdivider contributions.
- **Property taxes** – the City property tax rate is \$.361 per \$1,000 of assessed valuation. Properties in the City are value by the county assessor.
- **Sales taxes**—taxes collected are distributed in part directly where the taxes are collected and partially through a pooling based on population. The majority of our sales tax revenue comes from the state pool.
- **Franchise taxes**—the City receives a tax on utilities and phone services provided within the City boundaries.
- **Investment earnings**—the City invests idle funds primarily with the State Treasurer on which interest is paid.

EXPENSES

Where the money goes...



- **General government**—includes expenses for the City Council, City Attorney and planning commission.
- **Administration**—includes expenses for the City Manager, Asst. City Manager, Courts, Recorder and Human Resources.
- **Finance**—includes expenses of Finance and Information Technology.
- **Operations**—includes the expenses for Facilities, Fleet Management, Streets, Events, Parks and Cemetery.
- **Planning & Development**—includes the expenses for building, economic development, engineering and GIS.
- **Interest on long term Debt**—indirect expense of interest paid on general long term debt incurred by governmental functions.
- **Water**—costs associated with maintaining culinary and secondary water systems. Including purchasing water from Jordan Valley Water District.

Officials of Herriman, Utah

Mayor
City Council

Carmen Freeman
Matt Robinson
Coralee Wessman-Moser
Craig Tischner
Mike Day

City Manager

Brett Wood

Visit the Herriman City Website at

<http://www.herriman.org/city-departments/finance/>

The City's website includes information about:

Mayor and Council Members
City Permits and Forms
Council and Planning Commission Meetings
City Newsletter
Department Contact Information
Job Opportunities

Financial Information:

Budgets
Annual Financial Statement (CAFR)
Annual Report to the Community (PAFR)

