



Popular Annual Financial Report

PAFR

Fiscal Year ended
June 30, 2021

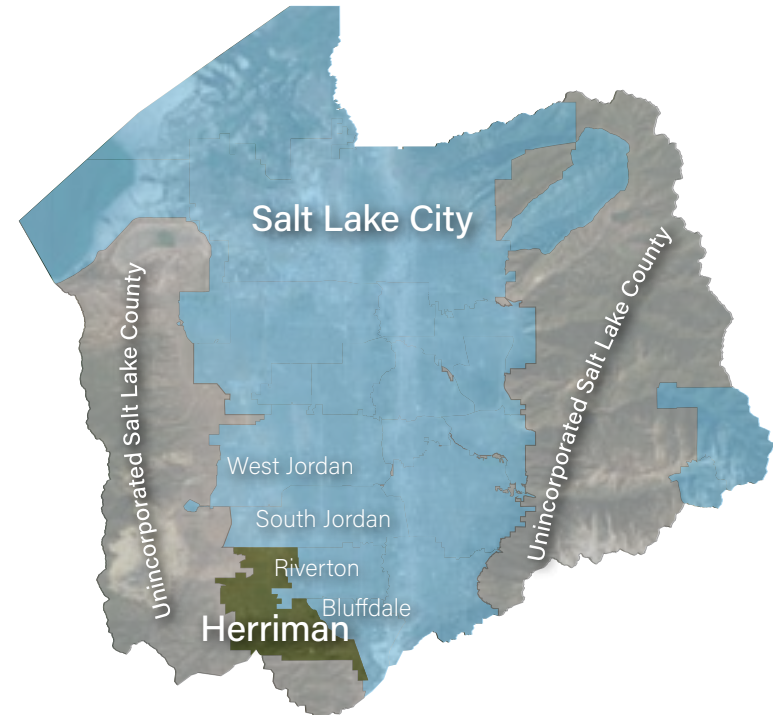


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Mayor David Watts



Jared Henderson



Clint Smith



Sherrie Ohrn



Steven Shields

The City Council

Under Herriman City's council-manager form of government, city council members representing four districts are elected, as well as an at-large mayor. All five City Council members are considered equal voting members and serve terms of four years.

In addition to their local legislative duties as elected officials, City Council members serve on various boards and commissions throughout the state, giving Herriman residents a voice and influence at the county, regional, and state levels.

Under this form of government, residents elect the City Council, who then appoints a City Manager to implement policies, oversee the local government's day-to-day operations, and advise it. The City Manager position is similar to that of corporate chief executive officer (CEO).



Herriman residents,

It gives us great pride to present Herriman City's Popular Annual Financial Report (PAFR) for the fiscal year that ended June 30, 2021.

This report provides readers with a summary of the City's financial standing. The purpose of the PAFR is to illustrate the City's financial information in a clear and concise manner so that all who are interested can easily understand the City's performance, revenues, expenditures, and future trends. This is an essential part of the City's efforts to provide transparency, as well as create an understanding of the key services provided by the City to create a safe and enjoyable place to live, work, and play.

Like unto many cities, counties, and states, COVID-19 presented several challenges to Herriman City and its residents. Still, Herriman City is financially healthy as a result of fiscal restraint and good planning. The financial reports included reveal its sound financial position and growing tax revenue.

We are proud of the quality service that the City provides its residents. This high level of service has been sustained without instilling a City property tax increase. The City will continue to focus efforts on providing valued service and taking steps to ensure economic vitality, while always increasing public awareness, accountability, and transparency of the City's financial information. These achievements, together with strong principles, will help continue the success of the City.

All of the financial information in this report is summary information obtained from the more detailed Annual Comprehensive Financial Report that is available at the city hall or at www.herriman.org/acfr.

We are honored to serve our community and encourage all citizens to be actively engaged. We welcome any input, questions, and comments that you may have regarding this report. To contact the Finance Department, call 801-446-5323.

Alan Rae

Herriman City Director of Finance



City Departments

Administration

Essentially serving as the main customer service hub, the Administration team works to provide residents, vendors, staff, and City relations with a broad range of services and information updates. The City Administration is comprised of the City Manager, Assistant City Managers, Customer Service, and administrative staff.

(Note: Customer Service also handles utility billing)

Communications

The Communications Department serves as the public liaison for the City. Its objective is to promote the City and provide transparency and proactive messaging along a vast array of public interest items, utilizing a variety of tools—including print, electronic materials, internal and external publications, the internet, live media, and social media.

Courts

The office of the Herriman Justice Court conducts regular court business. It ensures all court documents and files are maintained, including claims, notices, requests for information, fine collections, court costs, drivers license checks, and criminal background checks.

Human Resources

The Human Resources Department seeks to protect one of the City's most valuable assets—its employees—by giving insight and expert opinions on how decisions will affect City employees and the potential consequences of actions. Additionally, they provide support to management on how to manage and sup-



port their employees to help achieve a high level of productivity and wellbeing.

Recorder

The Recorder's Office preserves all official City records and maintains a records management system to provide accurate information and public notices to residents, the City Council, and staff.

Finance

The Finance Department safeguards the City's assets, assists City departments in being fiscally sound, ensures related legal requirements are met, and reports on all financial matters with Generally Accepted Accounting Principles.

(Note: Finance also handles utility billing finances)

Economic Development

Serving as a liaison, the Economic Development Department engages with businesses and resources to foster a diverse array of industry sectors within the community that will be a sound investment, increase the tax base, create employment opportunities for residents, and generate public revenues.

Public Works

Made up of the Streets, Streetlights, Facilities, Fleet, Water, and Stormwater Departments, the larger Public Works Department provides the public with safe, reliable critical infrastructure.

Streets

The Streets and Streetlights Departments provide safety and security for drivers and passengers by maintaining, plowing, and cleaning roadways, and designing, building, repairing, and maintaining streetlights, luminaires, lighting, meter cabinets, and electrical assets of the city.

Facilities

The Facilities Department maintains the buildings and grounds for all City facilities, including (but not limited to) the city hall and other buildings, restrooms, workshops, and pavilions.



Fleet Department

The Fleet Department manages all motor and mobile equipment pool needs and ensures all drivers have received proper instructions and training.

Water Department

The Water Department provides drinking and secondary water services and maintains infrastructure and supply to residents and businesses.

Stormwater Department

The Stormwater Department ensures stormwater drainage systems are properly inspected, cleared, and maintained to stay within Environmental Protection Agency regulations.



Parks

The Parks Department provides, operates, and maintains all parks, trails, recreational water, green spaces, and their facilities for residents and guests to use as away to promote health and enjoyment in the community.

Recreation and Events

The Recreation and Events Department strives to enrich residents and guests' lives by providing community-oriented events and activities of various types throughout the year.

Engineering

The Engineering Department oversees project design and construction management to ensure infrastructure planning and development meets standards and specifications.

GIS

The GIS (Global Information Systems) Department works closely with all departments to collect, track, map, and analyze needed data in relation to the geo-

graphical area of the City. This helps determine impacts and improvement processes to maximize the benefit of the given area to residents and the City.

Building

The Building Department safeguards the health, safety, and welfare of residents by ensuring building structures in the city meet the minimum requirements outlined by the state and City.

Planning

The Planning Department provides professional advice and technical expertise to elected officials, the Planning Commission, City departments, and citizens to assist in understanding and addressing key land use issues and priorities. They also process zoning and land use applications.

Police

The Police Department provides law enforcement services to the city, including patrol, school resource officers, investigations, K9, SWAT, search and rescue, and various task forces and other assignments. It also provides code enforcement and parking enforcement services.

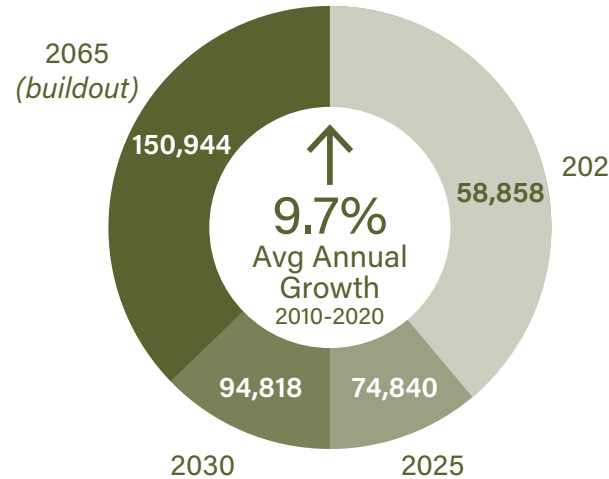


Demographics

Herriman is one of the fastest growing cities in not only Utah, but the United States. The rapid growth creates many challenges that the City works constantly to address. The City is concerned about infrastructure requirements for growth, sustaining level of service, and maintaining financial strength. It is a fine balancing act to make sure that the goals do not focus too much on one aspect.

The City's master plans identify future needs and their associated costs, and put those in a timeframe to help anticipate the requirements to fulfill those needs. The City uses cash flow projections to determine what cash resources will be available and what financing may be required.

Population



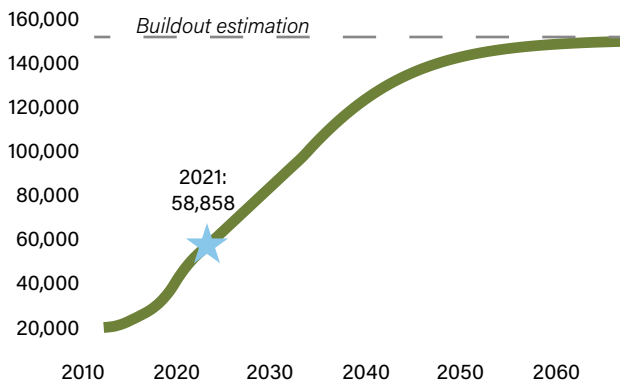
Occupied Housing Units
15,360

Avg. Household Size
3.83

Median Home Value
\$375,100

Median Household Income
\$101,460

Population Trend

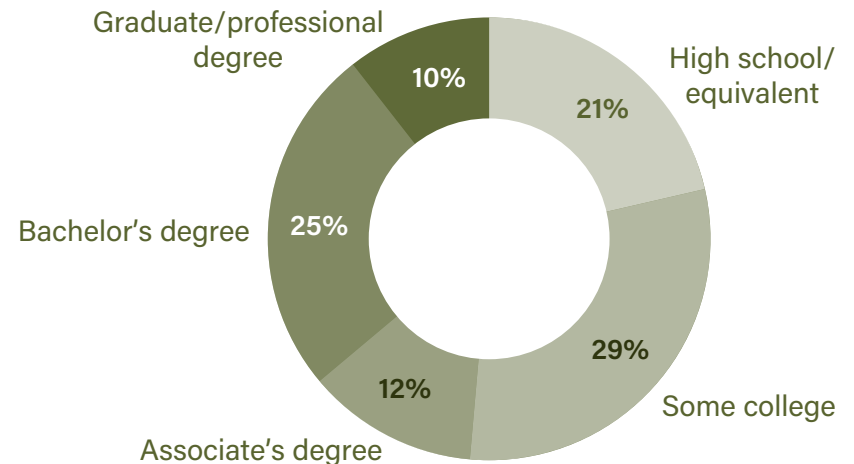


Median Age



source: 2020 U.S. Census Data (2021)

Education



2021 City Events

2021 brought the return of in-person City-sponsored events after many were canceled or altered in 2020 due to the COVID-19 pandemic. Most events had higher estimated numbers of attendees than ever.



MotoX



Fort Herriman Towne Days



Night of Lights



Arts Council Summer Show, "Newsies"



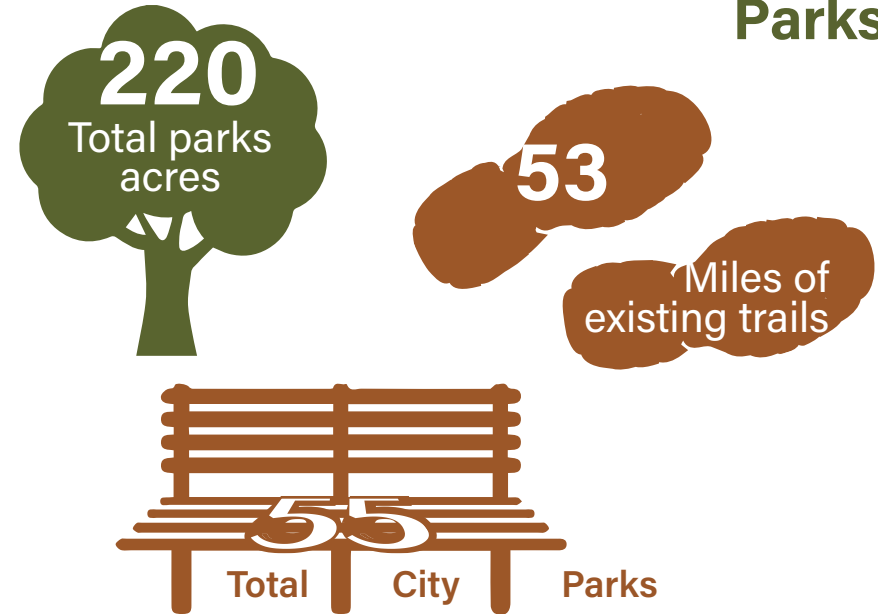
PRCA Rodeo



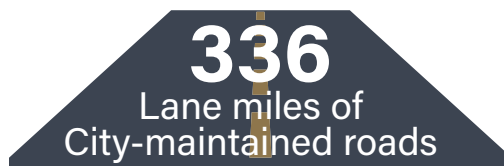
Memorial Day



Parks



Streets



Major Additions and Projects in 2021



K9 Memorial Dog Park construction



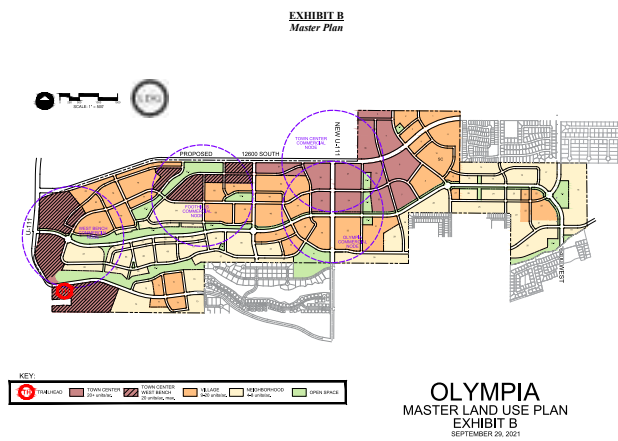
29 new businesses welcomed



Salt Lake Community College groundbreaking



Herriman Emergency Center groundbreaking



Olympia annexation



New City Manager



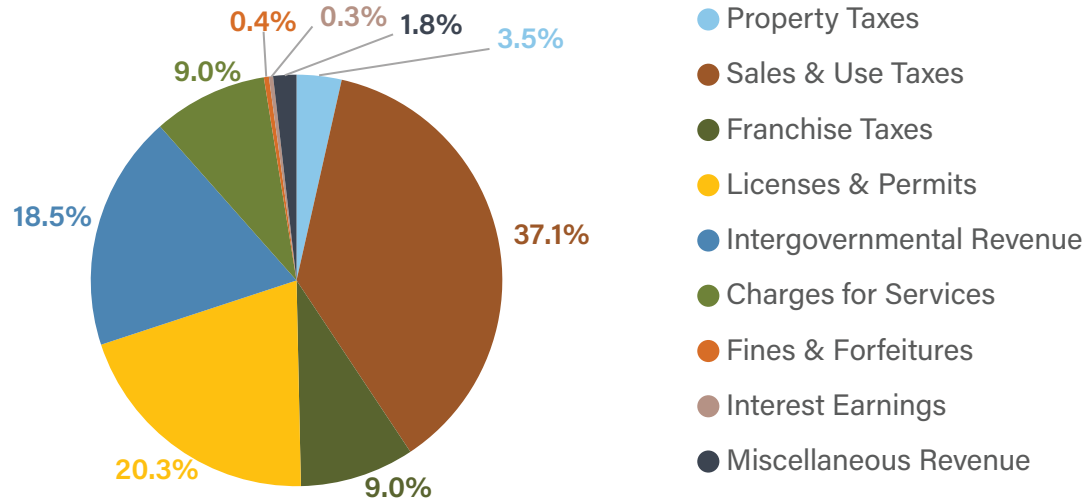
Rosecrest water pump station upgrade

Revenues

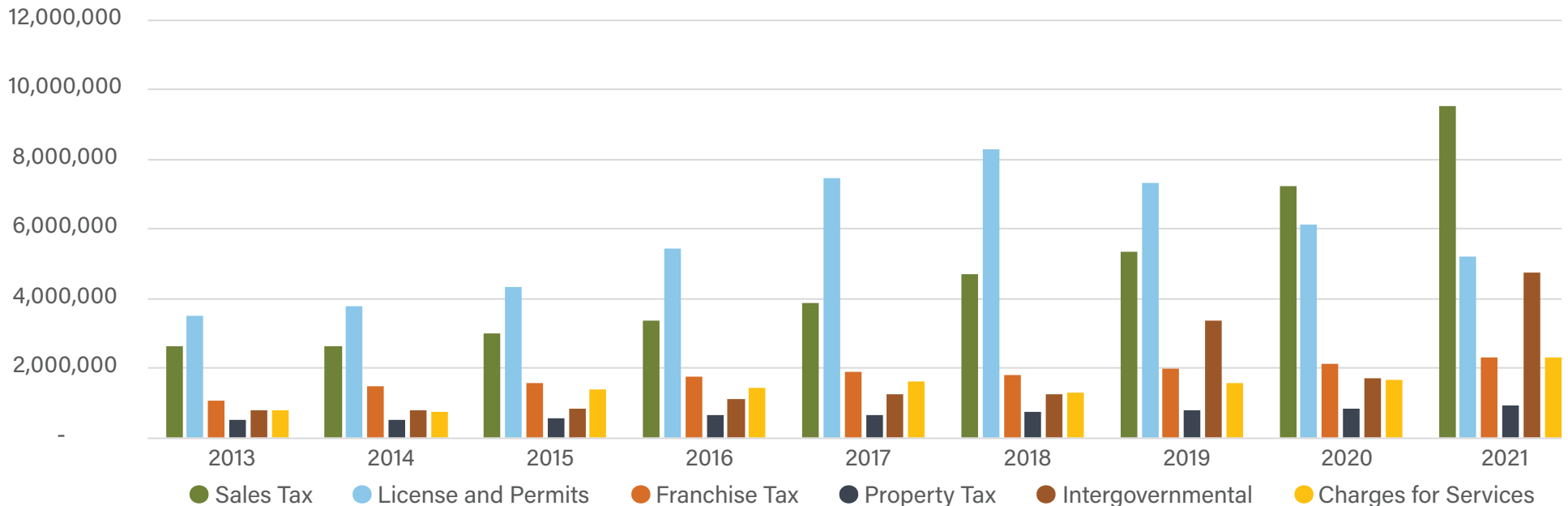
The General Fund is the operating fund of the City. Therefore, it is important to focus on the General Fund to assess the overall health of the City's finances.

Total General Fund revenue in fiscal year 2021 was \$25,655,135, compared to \$20,584,122 in fiscal year 2020. Tax revenue is the largest source of income, including property, sales, and franchise taxes. License and permit revenue is primarily from fees related to building and development. Intergovernmental revenues are largely from fuel taxes. The following charts show the proportional share of each of the revenues represented in the general fund.

Revenue By Source



Historical Revenues



Expenditures

General Fund expenditures are divided into 8 general groups:

General Government

- Legislative
- Legal
- Human Resources

Administration

- City Manager
- Assistant City Managers
- Communications
- City Recorder
- Municipal Court
- Customer Service
- Economic Development

Finance

- City Treasurer
- Accounting
- Information Technology

Community Development

- Building Department
- Planning and Zoning

Engineering

- City Engineer and staff
- GIS

Parks, Recreation and Events

- Parks
- Events and Recreation
- Cemetery

Public Works

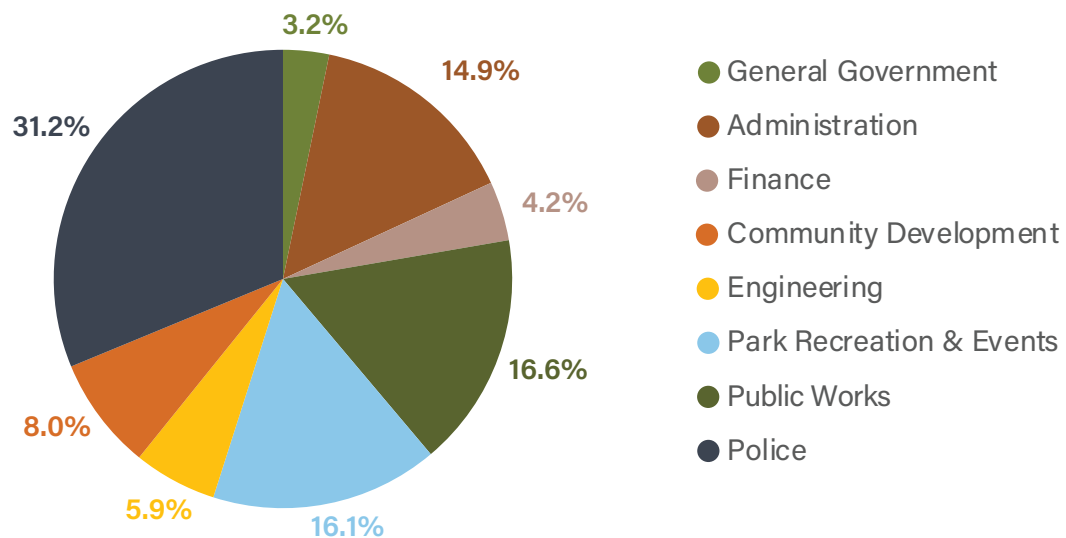
- Facilities
- Fleet
- Streets
- Snowplowing
- Stormwater
- Streetlights
- Street signs

Police

- Police
- Animal Services
- Emergency Management

The City had total expenditures from the General Fund of \$27,006,848 in fiscal year 2021 before capital outlay and debt service compared to \$23,703,278 in fiscal year 2020. The following chart shows the proportional share of each expenditure category:

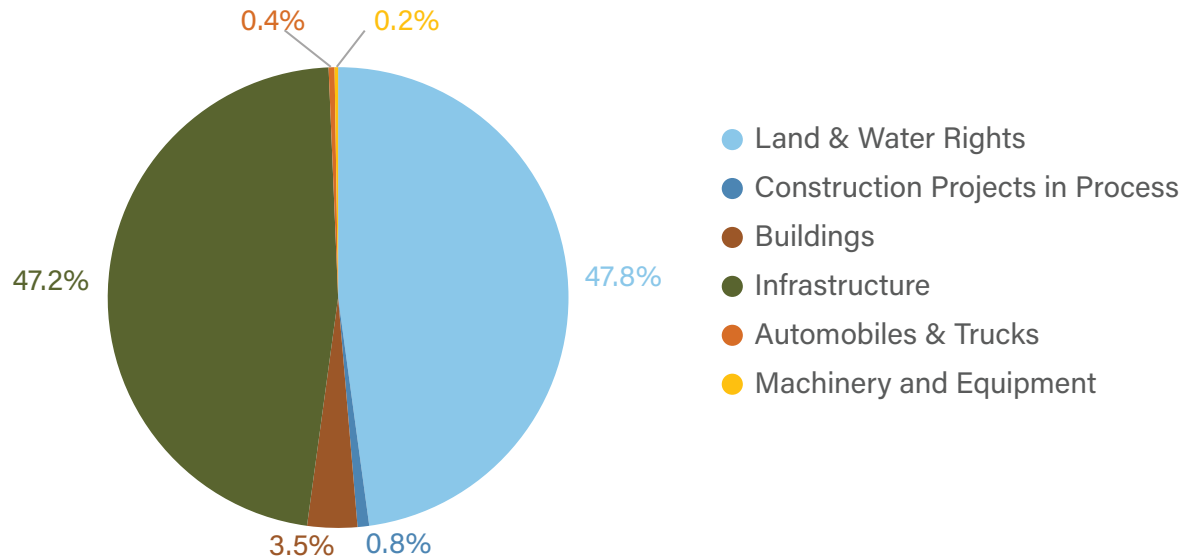
Expenditures



Capital Assets
net of depreciation
\$526,358,252
Capital assets include land, buildings,
equipment, etc., to help serve the
community



Capital Assets



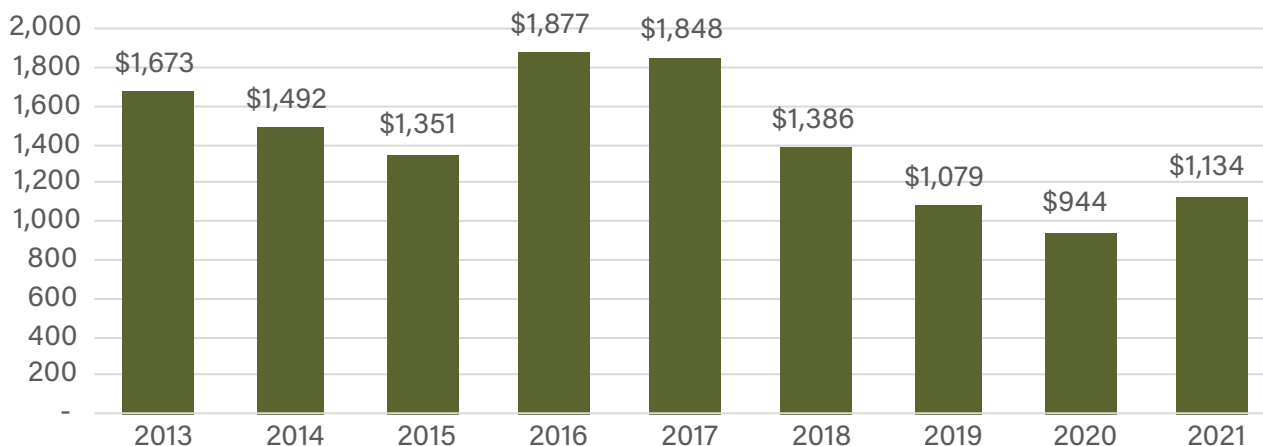
Outstanding Debt

As of the end of fiscal year 2021, the City has outstanding bond debt in the amount of **\$58,561,640**. The City has several types of revenue bonds. A revenue bond is secured by some form of revenue that the City receives. Herriman City has \$23,210,000 in Sale and Franchise Tax Bonds, \$8,544,000 in Tax Increment Bonds, \$7,236,550 in Special Assessment Bonds, and \$34,797,746 in Water Revenue Bonds. The tax increment bonds are secured by property taxes that have been conceded to Herriman by other taxing agencies to promote economic development. Special Assessment bonds are secured by the real estate in the Herriman Towne Center and the City receives annual assessment on that property. Herriman City bonded for \$20,000,000 for new water infrastructure during the fiscal year 2021.



The following table shows the bonded debt per resident over the last nine years:

Per Capita Bonded Debt



Sales and Franchise Tax Bonds

\$23.2 million
1.0-5.0% interest

Tax Increment Bonds

\$8.5 million
5.0% interest

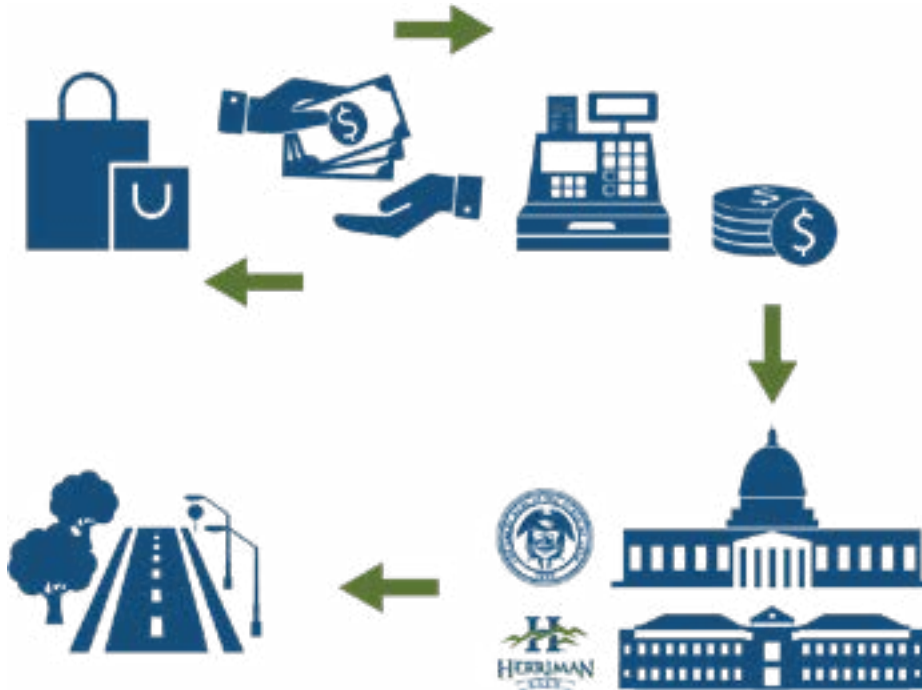
Special Assessment Bonds

\$7.2 million
3.75-5.0% interest

Water Revenue Bonds

\$34.7 million
1.86-4.6% interest

Sales tax made up
37%
of General Fund revenue in FY 2021



Sales Tax

Sales tax is the largest source of recurring revenue in Herriman City.

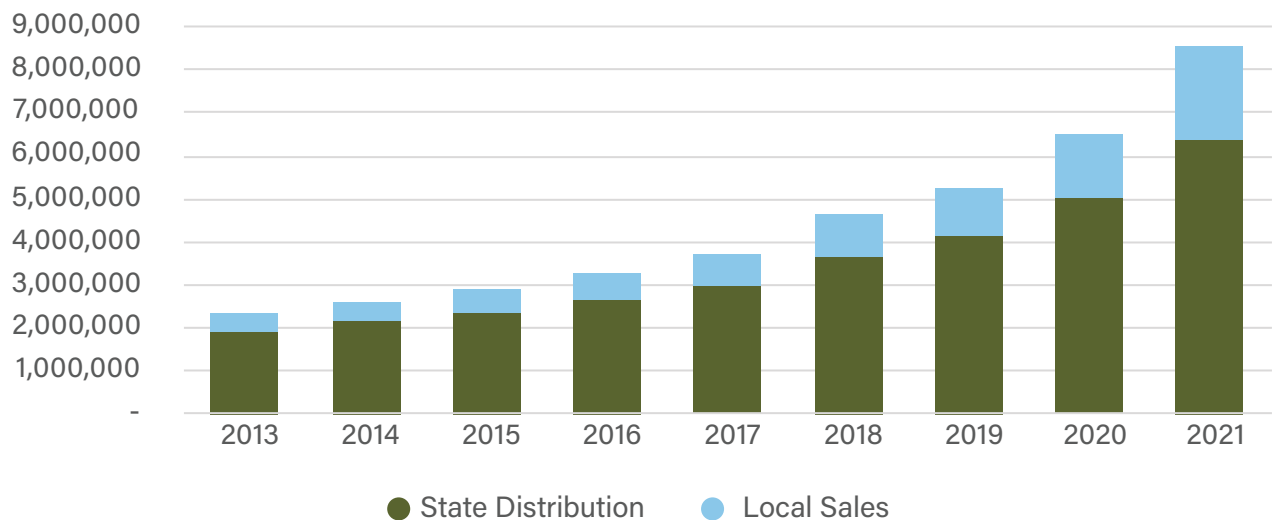
Local sales tax is 1% of sale, and the locality (Herriman) making the sale receives one half of the local taxes. The other half is distributed by the State of Utah to cities, based on population.

Currently, Herriman City receives about 80% of its sales tax from the state-distributed portion.

The graph below shows the portion of point of sale revenue compared to the state distribution:



Sales Tax Distribution



Impact Fees

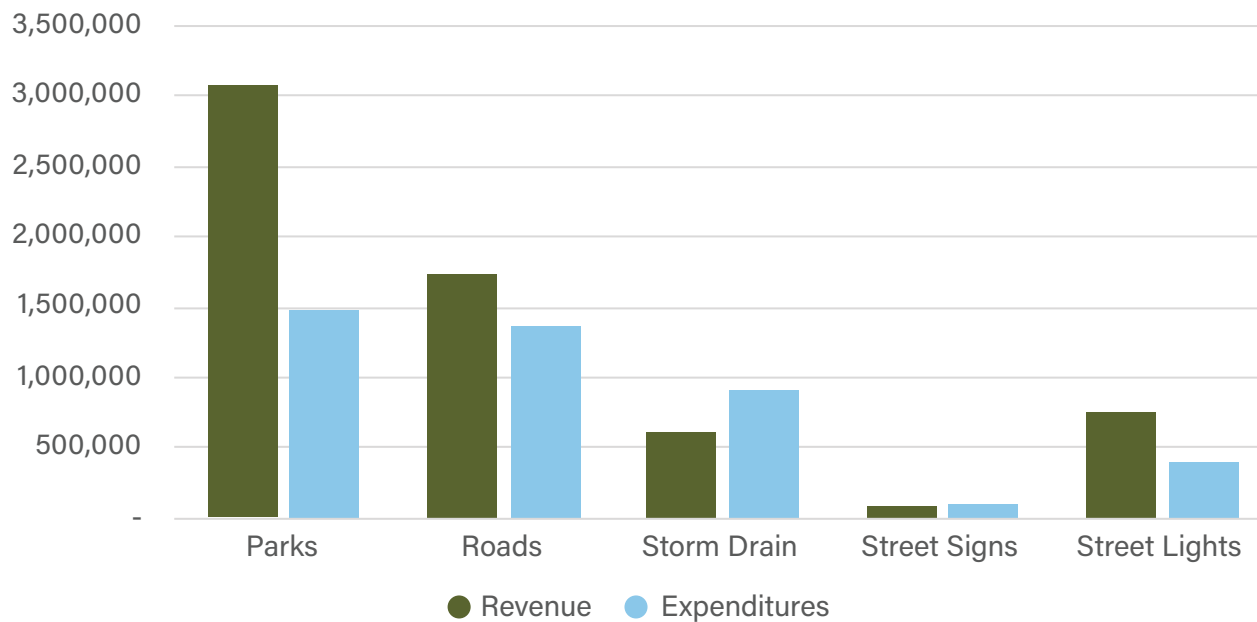
The State of Utah allows impact fees on new construction to help build new infrastructure. It is considered unfair to existing residents to have them pay for improvement related to new residents. Herriman City currently has impact fees for parks, roads, storm drains, and water. The City also charges developers a fee to install streetlights and street signs in a new development.

(Note: The water impact fees will be reported later in the Utility Fund information.)

The following table shows the Revenue and Expenditures for these funds:



Impact Fees

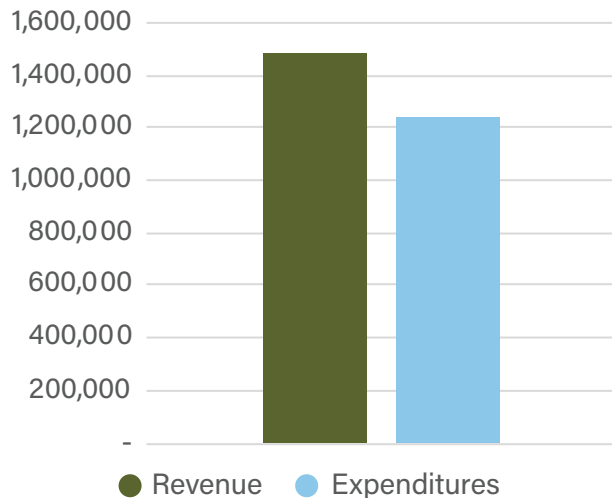


Water and Stormwater Utility Funds

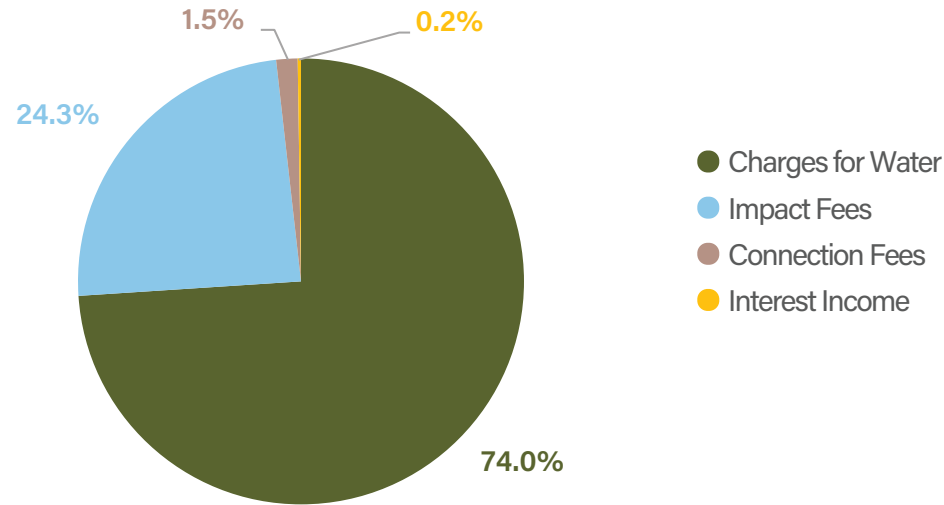
Herriman City has two utility funds: stormwater and water services (both culinary and secondary). From the Water Fund, the Water Department is responsible for delivering water services to residents. In the General Fund, the Administration Department is responsible for the billing and collection of water charges.

During the fiscal year, the water fund had revenues of \$17,737,644 and expenditures of \$14,921,391. The stormwater fund had revenues of \$1,480,244 and expenditures of \$1,239,164. The sources of revenue and expenses for the water fund, as well as a comparison of stormwater revenue and expenses, are shown on this page.

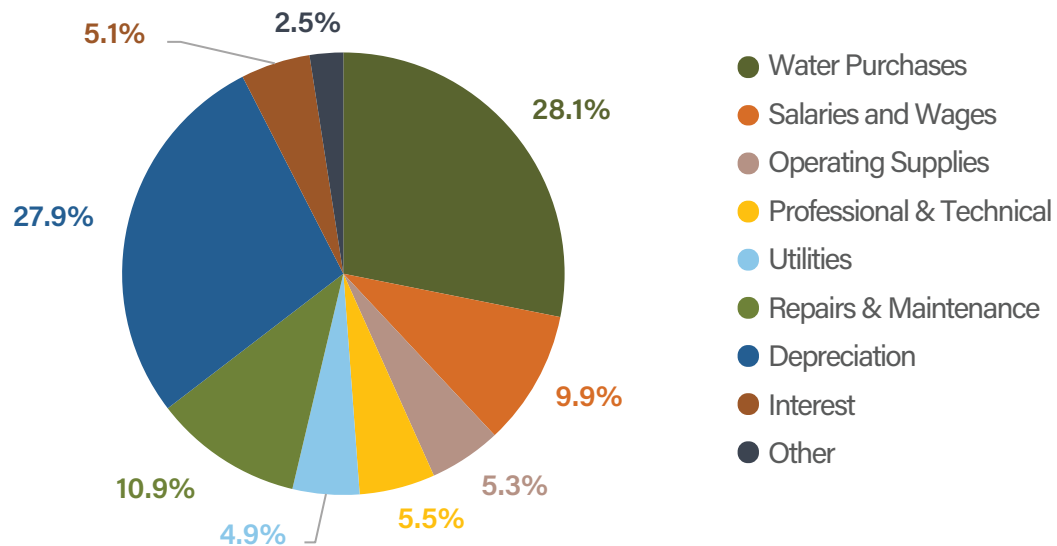
Stormwater Fund



Revenue



Expenditures





Herriman.org

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