

INTERIM BUDGET

FISCAL YEAR 2027



HERRIMAN CITY SAFETY ENFORCEMENT AREA

Herriman City Safety Enforcement Area

Interim Budget

FUND DESCRIPTION

The Herriman City Safety Enforcement Area (HCSEA) was created on January 1, 2018. The HCSEA is a taxing district that was established to collect property taxes to provide law enforcement services to the City—In other words, the HCSEA contracts with the City for policing services. Although a legally separate entity, because of its close relationship to the City the HCSEA is accounted for with the City’s finances. The HCSEA Board is comprised of City of Herriman Councilmembers.

	FY2025 (Actual)	FY2026 Estimated	FY2027 Interim Recommended
Revenue			
HCSEA			
Property Tax	10,071,859	10,854,790	11,340,560
Property Tax-Proposed Tax Increase (Restricted)	-	-	512,970
Miscellaneous	103,084	100,000	100,000
Revenue Total	10,174,943	10,954,790	11,953,530
Expenditures			
HCSEA			
Operating	25	1,000	1,000
Contribution to Fund Balance	-	362,360	561,460
Transfers Out	9,445,902	10,591,430	11,952,530
Transfers Out-Restricted	-	-	(561,460)
Expenditures Total	9,445,927	10,954,790	11,953,530

Significant Budgetary Changes

- The fiscal year 2027 interim budget includes a proposed tax increase, which under state law is shown as a restricted amount. The amount of the increase is \$512,970.
- “Transfers Out-Restricted” represents “new growth” funding (property tax revenue received from new residential and commercial growth) restricted by the City Council for expenditures related to new growth. This funding is held until authorized for release by the City Council.
- This interim budget will remain in affect from July 1, 2026, until a final budget is adopted.

Property Tax Impact Schedule

Proposed Property Tax Impact Schedule Herriman City Safety Enforcement Area

The Herriman City Safety Enforcement Area (HCSEA) will consider an increase to its property tax rate from 0.001423 to 0.001491 to generate an additional \$512,970. The following information is intended to provide decision makers and the public with an explanation of how the Service Area's operations would be affected if the proposed property tax increase is adopted.

Herriman City Safety Enforcement Area's Current Property Tax Rate	0.001423
Herriman City Safety Enforcement Area's Current Property Tax Revenue	\$10,731,595
Proposed Revenue <u>With Tax Change</u>	\$11,244,565
New Property Tax Revenue to the Herriman City Safety Enforcement Area	\$ 512,970

Estimated Increase to the Herriman City Safety Enforcement Area's Property Tax Revenue	4.8%
Estimated yearly increase to a primary residence of \$640,000	\$23.93
Estimated yearly increase to a business valued at \$640,000	\$43.52

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Property Tax Impact Schedule

Proposed Property Tax Impact Schedule (Continued) Herriman City Safety Enforcement Area

Affected Department: Herriman City Safety Enforcement Area Fund

Proposed Budget: \$11,244,565

Budget Without Tax Change: \$10,731,595

Budget Change: \$512,970

Impact of Tax Increase: The City of Herriman, who the Herriman City Safety Enforcement Area contracts with for Police services, has a philosophy of segregating property tax revenue generated from new growth to be used solely for the effects of new growth (such as the need to hire new officers). Therefore, normal inflationary pressures the Police Department faces, or new initiatives, must be funded with property tax increases. The proposed increase is to cover normal inflationary pressures faced by the Department.

If the proposed tax increase is not approved, the Herriman City Safety Enforcement Area will be forced to draw on the funds segregated for new growth expenditures to fund regular police operations. The long-term effect of this approach is funds not being available when new officers are needed due to growth.