

FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2025

2025



CITY OF HERRIMAN, UTAH

**City of Herriman
State of Utah**

Financial Statements
For the Fiscal Year Ended
June 30, 2025



PREPARED BY THE FINANCE DEPARTMENT

KYLE MAURER, DIRECTOR OF FINANCE AND ADMINISTRATIVE SERVICES
SEAN WILLIFORD, ASSISTANT DIRECTOR OF FINANCE
KATY KLAMP, SENIOR ACCOUNTANT

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City of Herriman
 Financial Statements
 For the Fiscal Year Ended June 30, 2025

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Financial Section



Independent Auditor's Report



COMMITTED. EXPERIENCED. TRUSTED.

PARTNERS

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Herriman City, Utah (the City), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2025, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, certain pension information, and budgetary comparison information, as listed in the table of contents, 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.

Supplementary 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 and the budgetary comparison information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and budgetary comparison information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Report

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2025 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.

HBMC, LLC

December 26, 2025
Bountiful, Utah

CITY OF HERRIMAN, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Herriman, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for fiscal year ended June 30, 2025.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2025 by \$772,996,585 (net position). Of this amount, \$68,900,087 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the City of Herriman increased by \$66,056,626. Of this increase, \$21,819,887 (33.0 percent) is attributable to governmental activities, mainly from donated capital assets. Business-type activities provided a \$44,236,739 increase to the City's net position due to donated infrastructure and assets, along with transferring governmental storm water infrastructure to the storm water proprietary fund.
- As of the close of fiscal year 2025, the City's governmental funds reported combined ending fund balances of \$70,445,867, an increase of \$17,392,641 (32.8 percent) over the prior fiscal year. Most of this increase is due to unspent bond proceeds that will be used for park and transportation projects. Of the total fund balance, \$38,607,453 (54.8 percent) is restricted for specific projects, and \$13,669,362 (19.4 percent) is assigned for projects started in the prior year.
- At the end of fiscal year 2025, unassigned fund balance of the General Fund was \$4,388,875, or 17.9 percent of General Fund revenues (excluding other financing sources). Utah state law allows any balance in excess of 5 percent of total revenues to be utilized for budget purposes. The maximum fund balance allowed is 35 percent of unrestricted revenues.
- The City's total long-term obligations and compensated absences increased \$12,482,421 (16.2 percent). This is largely due to the issuance of the 2025 Sales and Franchise Tax Revenue Bonds for transportation and park projects.
- At the end of fiscal year 2025, the City recognized total net pension liabilities of \$4,429,769 (increase of 20.0 percent from fiscal year 2024). Most of this increase is due to liability losses resulting from higher-than-expected salary increases. More information regarding the City's retirement plans can be found in Note 12 on page 65 and in the Required Supplementary Information beginning on page 87.

REPORT OVERVIEW

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. However, other non-financial factors should also be considered.

The Statement of Activities presents information showing how the City's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are considered regardless of when cash is received or paid.

Both government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government; administrative services; public works; parks, recreation, and events; community development; development services; public safety; and tax increment distributions. The business-type activities of the City include water, storm water, Hi Country I, and Hi Country II.

The government-wide financial statements can be found on pages 23-24 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City also uses fund accounting to ensure and demonstrate compliance with finance-related requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year end that are available for spending. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. *Nonspendable* balances include inventories and prepaid items that are not expected to be converted to cash. *Restricted* balances include net fund resources of the City that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include debt service reserve requirements, grant proceeds, impact fees collected, unspent bond proceeds, renewal agency funds, and development services funds. *Committed* balances reflect the City's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. The City currently does not have any balances assigned as committed. *Assigned* balances in the General Fund and other governmental funds are those that do not meet the requirements of restricted or committed but are intended to be used for specific purposes. These balances also include fund balance appropriated in the subsequent fiscal year (for uncompleted projects). *Unassigned* balances in the General Fund are all other available net resources. In governmental funds other than the General Fund, unassigned balances indicate nonspendable, restricted, and committed fund balances are in excess of total fund balance. At June 30, 2025, the City's combined governmental fund balance is \$70,445,867 (\$170,166 in nonspendable, \$38,607,453 in restricted, \$27,279,373 in assigned, and \$4,388,875 in unassigned fund balances). Additional detail regarding governmental fund balances can be found on the governmental funds balance sheet located on page 26 of this report.

Governmental funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets readily convertible to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps users determine the financial resources that can be spent in the near future to finance the City's programs. The relationship (or differences) between governmental activities and governmental funds is detailed in a reconciliation included with the fund financial statements. The City maintains the following 15 individual governmental funds:

- General
- Herriman City Safety Enforcement Area
- Herriman City Fire Service Area
- Community Development and Renewal Agency of Herriman City
- Debt Service
- Development Services
- Grants (new for fiscal year 2025)
- Capital Projects
- Park Impact Fee
- Transportation Impact Fee
- Public Safety Impact Fee
- Street Light Fee
- Street Sign Fee
- Public Works Facility
- Capital Equipment

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, Herriman City Safety Enforcement Area, Herriman City Fire Service Area, Community Development and Renewal Agency of Herriman City, and capital projects funds, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 26-28 of this report.

Proprietary Funds – The City maintains one type of proprietary fund, enterprise funds. *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water and storm water functions.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Storm Water Funds, which are considered

major funds. Data from the other proprietary funds (Hi Country I and Hi Country II) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is available elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 30-32 of this report.

Notes to the Financial Statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 33 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual comparison statements for the City’s General Fund, Herriman City Safety Enforcement Area Fund, Herriman City Fire Service Area Fund, and Community Development and Renewal Agency of Herriman City Fund. This section also contains required supplementary information for the City’s pension program. The RSI section begins on page 81.

Other Information – In addition to the above-mentioned statements and reports, this report also presents other supplementary information which gives additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City’s nonmajor funds as well as budget to actual statements for major funds not reported as RSI. The supplementary section begins on page 91.

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 The City of Herriman, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$772,996,585 as of June 30, 2025.

By far the largest portion of the City’s position (85.7 percent) reflects its investments in capital assets (e.g., land, water rights, buildings, machinery and equipment, autos and trucks, improvements other than buildings, construction in progress, and right to use subscriptions), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investments in 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.

The following table summarizes the City's net position:

CITY OF HERRIMAN
Summary of Net Position
For the Year Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Current Assets	\$ 72,434,348	\$ 83,582,423	\$ 29,030,075	\$ 34,679,563	\$ 101,464,423	\$ 118,261,986
Noncurrent Assets	9,393,471	19,218,300	27,676,808	22,497,353	37,070,279	41,715,653
Capital Assets	522,995,530	542,314,283	130,918,164	177,243,943	653,913,694	719,558,226
Total Assets	604,823,349	645,115,006	187,625,047	234,420,859	792,448,396	879,535,865
Deferred Outflows of Resources	5,394,330	4,981,059	834,899	735,766	6,229,229	5,716,825
Current Long-Term Obligations and Compensated Absences	5,548,279	5,801,129	1,923,706	1,933,868	7,471,985	7,734,997
Other Current Liabilities	5,845,315	8,964,811	5,064,438	9,266,411	10,909,753	18,231,222
Noncurrent Long-Term Obligations and Compensated Absences	40,910,548	54,934,626	28,695,835	26,891,166	69,606,383	81,825,792
Other Non-Current Liabilities	3,292,019	3,974,617	399,969	455,152	3,691,988	4,429,769
Total Liabilities	55,596,161	73,675,183	36,083,948	38,546,597	91,680,109	112,221,780
Deferred Inflows of Resources	51,321	30,798	6,236	3,527	57,557	34,325
Net Position						
Net Investment in Capital Assets	479,964,295	502,743,014	116,664,359	159,553,854	596,628,654	662,296,868
Restricted	38,138,323	21,284,783	19,198,784	20,514,848	57,337,107	41,799,631
Unrestricted	36,467,579	52,362,287	16,506,619	16,537,799	52,974,198	68,900,086
Total Net Position	\$ 554,570,197	\$ 576,390,084	\$ 152,369,762	\$ 196,606,501	\$ 706,939,959	\$ 772,996,585

An additional portion of the City's net position (5.4 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$68,900,086 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2025, the City can report positive balances in all three categories of net position for the government as a whole as well as for its separate governmental-type activities. Positive balances for all three categories are also reported for the business-type activities.

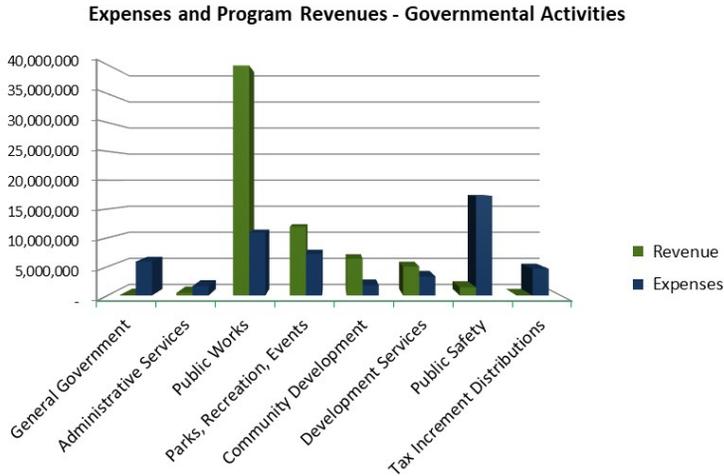
Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2025:

CITY OF HERRIMAN
Summary of Changes in Net Position
For the Year Ended June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Program Revenues						
Charges for Services	\$ 7,490,271	\$ 8,302,619	\$ 15,736,200	\$ 18,364,493	\$ 23,226,471	\$ 26,667,112
Operating Grants and Contributions	152,103	219,924	37,591	37,532	189,694	257,456
Capital Grants and Contributions	98,113,514	56,534,095	17,605,116	14,458,034	115,718,630	70,992,129
General Revenues						
Property Tax	20,303,718	20,652,752	-	-	20,303,718	20,652,752
Sales Tax	12,981,307	13,730,280	-	-	12,981,307	13,730,280
Franchise Tax	3,048,145	3,064,901	-	-	3,048,145	3,064,901
Investment Earnings	2,940,813	3,171,461	2,492,804	2,196,758	5,433,617	5,368,219
Gain on Disposition of Capital Assets	222,852	1,194,982	-	-	222,852	1,194,982
Total Revenues	145,252,723	106,871,014	35,871,711	35,056,817	181,124,434	141,927,831
Expenses						
General Government	6,226,720	5,889,722	-	-	6,226,720	5,889,722
Administrative Services	1,298,840	1,481,504	-	-	1,298,840	1,481,504
Public Works	10,923,514	10,915,056	-	-	10,923,514	10,915,056
Parks Recreation & Events	6,415,554	7,208,308	-	-	6,415,554	7,208,308
Community Development	1,566,963	1,862,648	-	-	1,566,963	1,862,648
Development Services	2,912,882.00	3,306,748	-	-	2,912,882.00	3,306,748
Public Safety	16,328,617	17,275,193	-	-	16,328,617	17,275,193
Tax Increment Distributions	7,544,382	4,638,880	-	-	7,544,382	4,638,880
Interest on Long Term Debt	1,815,591	1,522,236	-	-	1,815,591	1,522,236
Water	-	-	16,307,975	18,481,280	16,307,975	18,481,280
Storm Water	-	-	1,264,338	3,289,630	1,264,338	3,289,630
Total Expenses	55,033,063	54,100,295	17,572,313	21,770,910	72,605,376	75,871,205
Increase in Net Position Before Transfers	90,219,660	52,770,719	18,299,398	13,285,907	108,519,058	66,056,626
Transfers	-	(30,950,832)	-	30,950,832	-	-
Increase in Net Position	90,219,660	21,819,887	18,299,398	44,236,739	108,519,058	66,056,626
Net Position, Beginning	464,350,537	554,570,197	134,070,364	152,369,762	598,420,901	706,939,959
Net Position, Ending	\$ 554,570,197	\$ 576,390,084	\$ 152,369,762	\$ 196,606,501	\$ 706,939,959	\$ 772,996,585

Governmental Activities – Governmental activities increased the City's net position by \$21,819,887. Key elements affecting governmental activities net position are as follows:

- The Capital Projects Fund saw a fund balance increase of \$15,505,812 during the fiscal year. This is mainly due to the issuance of the 2025 Sales and Franchise Tax Bonds, which will be used for multiple transportation and park projects.
- During fiscal year 2025, the City's governmental funds added \$60,788,487 in capital assets, including \$27,264 in prior fiscal year projects. In addition, \$42,200,313 of donated (developer contributed) assets were recognized during the fiscal year. Projects totaling \$12,858,621 were in progress at year end. The most significant projects completed during the year include:
 - Construction of Olympia Boulevard (\$7,503,240)
 - \$1,161,333 for Midas Creek asphalt trail improvements
 - Improvements to 11800 South and 12600 South (\$1,101,967)
 - \$978,617 for Hidden Oaks open space improvements
 - Construction of the Juniper Canyon Recreation Area (\$1,094,564)
 - \$313,743 towards design of Fire Station 103's replacement
 - Mountain Ridge Park improvements (\$226,047)



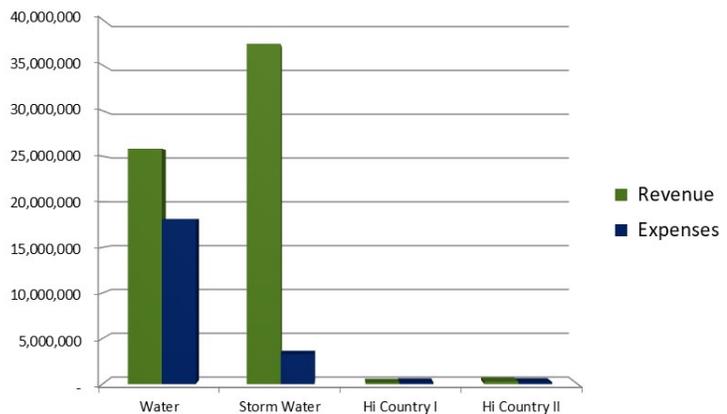
- Right of way purchase at approximately 7800 West 12600 South (\$2,008,335).
- \$703,161 for the construction of Herriman Boulevard
- Herriman Main Street widening (\$11,307,401)
- \$2,211,233 for the widening of 7300 West
 - The City also purchased \$892,441 of equipment and vehicles, with most purchases being regular vehicle replacements.

- The Herriman City Fire Service Area increased fund balance by \$2,465,978 during the fiscal year. This increase was intentional and part of a ten-year financial sustainability plan. Funds will be used in the future to rebuild fire station 103 in fiscal year 2026 and future fire stations within the City.
- The Herriman City Safety Enforcement area saw a fund balance increase of \$729,015 during the year. This is partially due to a property tax increase restricted for new personnel, temporary personnel vacancies, and continued fiscal conservatism within the Police Department.

Business-Type Activities – Business-type activities increased the City’s net position by \$44,236,739, which represents an increase of \$25,937,343 (141.7 percent) over the previous year’s change. Key elements of the change in business-type net position are as follows:

- The Water Fund recognized a \$9,728,800 increase in net position. This is mainly due to developer donated assets (\$7,924,192), investment earnings exceeding expectations (\$1,940,665), and a mid-year rate increase that will be used for future capital projects.
- The Storm Water Fund recognized a \$34,422,573 increase in net position. This is mainly due to \$4,521,350 in donated (developer contributed) capital and \$30,950,832 in assets transferred from the governmental funds.
- During fiscal year 2025, the City’s business-type activities completed \$9,508,293 in capital projects (excluding developer contributed assets) and \$12,614,055 of projects were in progress at year end.

Expenses and Program Revenues - Business-Type Activities



Notable completed projects include:

- Stillman Well rehabilitation (\$591,613)
- \$146,264 for the Whisper Rose pressure reducing valve (PRV)
- Old Town water improvement project (\$2,054,681)
- \$127,825 in vehicle replacements
- AMI water reading system improvements and buildout (\$643,665)
- \$423,465 for new and replacement water meters
- Bella Vea-Bruin View Drive (\$264,351)
- \$823,612 for Hidden Oaks backbone infrastructure
- Rose Creek Strom Dain construction (\$567,132)

FUND FINANCIAL ANALYSIS

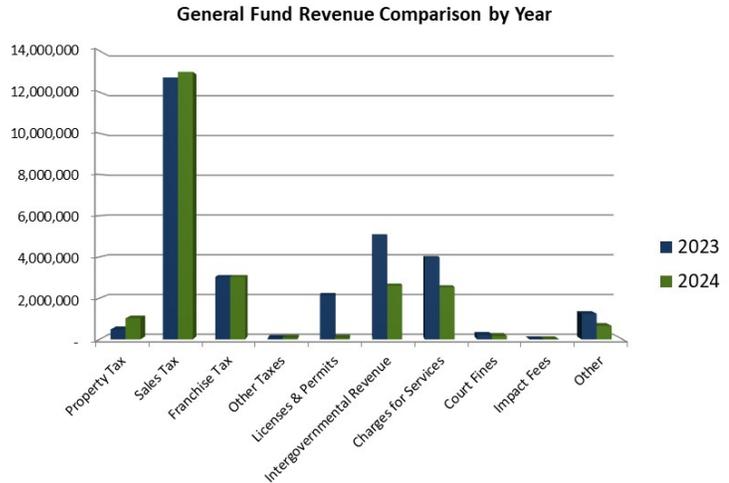
Governmental Funds - The focus of the City's governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of June 30, 2025, The City's governmental funds (General, Herriman City Safety Enforcement Area, Herriman City Fire Service Area, Herriman City Community Development and Renewal Agency, Capital Projects, and nonmajor funds) reported combined fund balances of \$70,445,867. This represents an increase of \$17,392,641 from last year's ending balances. \$4,388,875 (6.2 percent) of the total fund balance constitutes *unassigned fund balance* and is therefore available for spending at the City's discretion. *Assigned fund* balance totals \$27,279,373 (38.7 percent), meaning the City intends to use this amount for specific purposes (public safety, capital projects, debt service, and projects started in the current fiscal year but not completed). Fund balance of \$38,607,453 (54.8 percent) is *restricted* to indicate it is not available for new spending because it has already been committed to pay for capital projects, debt service, public safety, redevelopment, and development services. The City also has prepaid items (\$170,166) which are classified as *nonspendable* fund balance.

General Fund

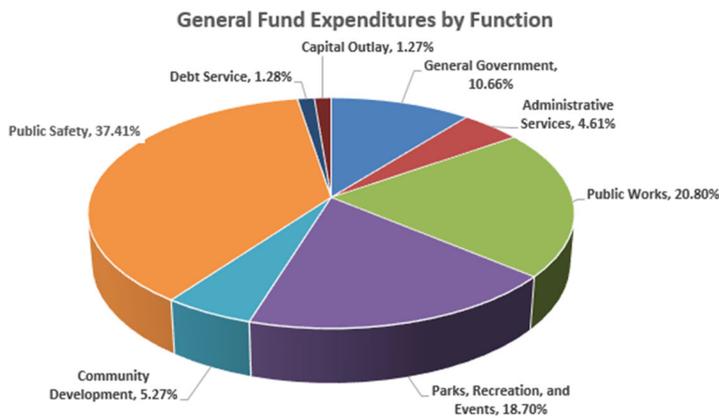
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Expenditures exceeded revenues (including other financing sources and uses) in the General Fund by \$2,623,846 during the year. The majority of this decrease is due to transportation projects started in the prior year but finished in the current year.

Taxes continue to be the largest source of revenue in the General Fund and represent 73.2 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 76.8 percent of total tax revenues and 56.1 percent of total general fund revenues. This compares with 56.0 percent of total General Fund revenues in the prior fiscal year ended June 30, 2024.



General Fund revenues exceeded expectations in the amount of \$830,129. This is primarily due to sales and use tax exceeding expectations by \$408,490, Class C Road Funds exceeding expectations by \$328,795, and interest earnings exceeding expectations by \$103,419 due to higher than anticipated interest rates.

Transfers into the General Fund were under budgeted expectations by \$730,498. This is largely due to the police department being under budgeted expenditures due to personnel savings. The police department is funded by a transfer from the Herriman City Safety Enforcement Area.



General Fund expenditures decreased during fiscal year 2025, going from \$28,051,566 in 2024 to \$27,119,850 in 2025. The majority of this decrease is due to moving capital-related expenditures to either the Capital Projects or Capital Equipment fund.

Total expenditures were under budgeted expectations by \$3,129,995. A number of projects, however, began in fiscal year 2025 and will need to be carried forward

to fiscal year 2026. This includes \$520,172 in pavement management funds and \$94,738 in outside legal council fees. Public Safety was under budgeted expectations by \$845,373, mainly due to personnel (\$402,762), vehicle (\$53,303), and general supply (\$39,283) and insurance (\$50,219) expenditures being under forecast. Public Works was under budgeted expenditures by \$1,143,421, largely due to unspent pavement management funds (to be carried over to fiscal year 2026).

Other Governmental Funds

During fiscal year 2025, tax collections in the Herriman City Safety Enforcement Area increased \$304,840 (3.3 percent) due to new growth within the Area. Transfers out increased \$767,280 (8.2 percent) due to personnel additions made during the year (personnel, operating, and capital expenditures). Fund balance decreased \$166,630 due to hiring positions authorized with the fiscal year 2024 tax increase.

Property tax revenue decreased \$645,640 in the Herriman City Fire Service Area due to participation in Community Reinvestment Areas (CRAs) that began during the year. Contracted services increased 4.8 percent (\$271,136) due to a board approved increase by the Unified Fire Authority (who the Fire Service Area contracts with for fire protection). Fund balance in the Fire Service Area increased \$2,465,978, largely due to a planned fund balance contribution. Fund balance will be used for the rebuilding of fire station 103 and future fire stations in the City.

Fund balance for the Community Development and Renewal Agency of Herriman City increased \$950,859 during the fiscal year. The majority of this increase is due to tax participation agreements expiring within the Anthem Town Center Community Reinvestment Area. Most expenditures in the fund are tax increment agreements which directly correlate with tax increment revenue received. Fund balance will be used in the future for project area investments and/or early payment of existing tax increment agreements.

Fund balance in the Capital Projects Fund increased \$15,505,812, going from \$11,538,362 to \$27,044,174. The City issued \$16,330,000 in bonds during the year for certain transportation and park projects. The majority of funds were not spent by the end of the fiscal year. The City's interfund loan with the Water Fund decreased from \$8,529,469 to \$7,609,748 due to a scheduled payment.

Enterprise Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position decreased from \$14,348,733 to \$13,680,803 in the Water Fund, largely due to a one-time transfer out to the capital projects fund for a capital project reimbursement.

The Storm Water Fund provided a \$34,422,573 increase in net position. \$30,737,302 is due to capital assets transferred from the governmental funds, and \$4,521,350 is due to developer contributions. The Storm Water Fund posted an operating loss of \$1,542,932, mainly due to depreciation on the transferred assets.

The City increased water rates in November 2024 (16.3 percent). Charges for services increased 19.0 percent (\$2,554,127) due to increased consumption, increased customer base, and water rate increase. Overall operating expenditures increased \$2,109,818 (13.9 percent) largely due to an increase of 28.6 percent in water purchases (due to both a rate increase from the City's water wholesaler and increased consumption) and operating supply increases due to inflation and a larger system to service.

During fiscal year 2025, a total of \$14,029,643 of capital assets were added, which includes \$4,521,350 of contributed (donated) assets. An interfund loan with the Capital Projects Fund decreased \$919,721 (10.8 percent) due to a scheduled loan payment.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, General Fund budgeted expenditures were amended from an original budget of \$28,778,485 to a final budget of \$30,249,845 (5.1 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Highlights of this decrease include:

- Increase of \$460,510 in the Streets Department to carry over unspent pavement management funds from fiscal year 2024.
- Increase of \$96,290 in the Events & Cultural Arts department to recognize additional sponsorships and event revenue received.
- Increase in the Police Department budget of \$452,460 to recognize the hiring of two additional Police Officers and associated operating expenditures.
- Increase in capital outlay expenditures of \$345,390 to recognize purchases that fall under Capital Lease and Software Based Information Technology Arrangements (SBITA) guidance.

General Fund budgeted revenues were amended from \$23,249,205 to \$23,665,875 (an increase of \$416,670, or 1.8 percent). Highlights of these changes include:

- Increase of Class C Road Funds by \$286,200 to account for increased collections from the state of Utah.
- Increase in Parks, Recreation, and Events of \$58,560 to recognize additional sponsorship and event revenue received.
- Increase in miscellaneous revenue of \$59,880 to recognize subrogation received.

Leases and Information Technology subscriptions increased \$345,390 to recognize purchases falling under Capital Lease and SBITA accounting guidance. Transfers in increased \$282,230 primarily due to an adjustment in the Herriman City Safety Enforcement Area (HCSEA) to reflect additional officers hired by the Police Department.

Transfers out increased \$6,378,343 primarily due to transferring fund balance in excess of the City's Fund Balance Policy to the capital projects fund for one-time purchases. Part of this budgeted transfer was a "placeholder" for amounts in excess of the City's fund balance requirement. A total of \$4,585,867 was transferred to the capital projects fund for this purpose.

During the year, actual revenues were greater than budget by \$830,129 (3.5 percent) and actual expenditures were less than budget by \$3,129,995. Reasons for the variances are described above.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – The City of Herriman’s investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$719,558,226 (net of accumulated depreciation). This investment in capital assets includes land, water rights, buildings, right to use buildings, machinery and equipment, right to use equipment, autos and trucks, improvements other than buildings, construction in progress, and right to use subscriptions. The total increase in the City’s investment in capital assets for the current year was 10.0 percent (a 3.7 percent increase for governmental activities and a 35.4 percent increase for business-type activities).

CITY OF HERRIMAN

Capital Assets, Net of Depreciation

June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land and Water Rights	\$ 317,316,062	\$ 352,316,663	\$ 18,578,277	\$ 18,714,777	\$ 335,894,339	\$ 371,031,440
Construction in Progress	14,134,227	12,858,621	3,414,331	12,614,055	17,548,558	25,472,676
Buildings	16,482,620	15,862,778	30,416	59,983	16,513,036	15,922,761
Right to Use Buildings	569,905	433,128	-	-	569,905	433,128
Improvements	168,579,399	155,132,193	107,167,123	143,845,121	275,746,522	298,977,314
Automobiles & Trucks	3,660,527	3,501,741	886,941	809,286	4,547,468	4,311,027
Machinery & Equipment	1,040,797	798,043	841,076	1,200,721	1,881,873	1,998,764
Right to Use Equipment	447,081	418,969	-	-	447,081	418,969
Right to Use Subscriptions	764,912	992,147	-	-	764,912	992,147
Total Capital Assets	<u>\$ 522,995,530</u>	<u>\$ 542,314,283</u>	<u>\$ 130,918,164</u>	<u>\$ 177,243,943</u>	<u>\$ 653,913,694</u>	<u>\$ 719,558,226</u>

Specific projects and detail can be found in the Government-Wide Governmental Activities financial analysis beginning on page 10.

Additional information on the City’s capital assets can be found in Note 7 beginning on page 55 of this report.

Long-Term Debt - As of June 30, 2025, the City had total long-term debt outstanding of \$83,576,231 (excluding bond premium). Of this amount, \$73,447,000 is represented by bonds secured solely by specific revenue sources, \$4,204,188 represents special assessment debt, \$904,992 represents notes payable (vehicles), \$1,762,027 represents lease and subscriptions payable, and the remaining \$3,258,020 represents compensated absences (accrued employee leave). The City has no general obligation bonds outstanding.

CITY OF HERRIMAN

Outstanding Long-Term Debt

June 30, 2025

	Governmental Activities		Business-Type Activities		Total	
	2024	2025	2024	2025	2024	2025
Revenue Bonds	\$ 35,353,000	\$ 49,012,000	\$ 25,830,000	\$ 24,435,000	\$ 61,183,000	\$ 73,447,000
Special Assessment Debt						
With Governmental Commitment	4,988,785	4,204,188	-	-	4,988,785	4,204,188
Notes Payable	709,258	472,215	528,690	432,781	1,237,948	904,996
Leases Payable	1,001,650	848,193	-	-	1,001,650	848,193
Subscriptions Payable	717,965	913,834	-	-	717,965	913,834
Compensated Absences	2,569,511	3,043,014	252,980	215,006	2,822,491	3,258,020
Total Debt (Excluding Premium)	<u>\$ 45,340,169</u>	<u>\$ 58,493,444</u>	<u>\$ 26,611,670</u>	<u>\$ 25,082,787</u>	<u>\$ 71,951,839</u>	<u>\$ 83,576,231</u>

The City’s total debt outstanding (excluding unamortized bond premiums) increased by \$11,624,392 during the fiscal year (16.2 percent). This increase is largely due to the issuance of the 2025 Sales and Franchise Tax Revenue Bonds. Under authoritative accounting standards, lease and subscription liabilities were recognized for equipment and software subscription arrangements executed during the year.

The City currently has no general obligation debt. The most recent bond ratings issued for The City of Herriman include an “AA-” rating for water bonds and an “AA+” for governmental funds, both issued by Standard & Poor’s. For the water bonds, Standard & Poor’s specifically noted strong coverage ratios, stable liquidity reserves, as well as affordable water rates in comparison to the City’s high median income and low county poverty rate. Standard & Poor’s also indicated a stable outlook for the bonds.

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of the “reasonable fair cash value” of property within the City. Of this percent, a maximum of 4 percent may be used for general purposes. The current limitation for the City is \$455,891,220, which is significantly in excess of the City’s outstanding general obligation debt. The remaining 8 percent and any unused portion of the 4 percent available for general purposes, up to the maximum of 12 percent, may be utilized for water, sewer, and electrical projects. The current limitation for all debt, including that used for water, sewer and electrical projects is thus \$1,367,673,661, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City’s long term-debt can be found in Notes 8-10 on pages 56-64 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The June 2025 unemployment rate for the state of Utah was 3.2 percent. This compares with a national unemployment rate of 4.1 percent. The 2024 unemployment rate for the State was 4.1 percent. (Source: United States Bureau of Labor Statistics.)
- General Fund budgeted revenues for the fiscal year ending June 30, 2026 (\$23,765,640) reflect an increase of 0.4 percent over the final budgeted revenues for the fiscal year ended June 30, 2025 (\$23,665,875). The City anticipates lethargic growth in its major revenue sources (including sales tax) due to a slowing economy.
- A total of \$74.9 million in capital projects were approved spanning fiscal years 2025 and 2026.
- The City completed a comprehensive fee analysis for the Water Fund in fiscal year 2025. An overall increase of 6.5 percent increase beginning in January 2026 was approved by the City Council. Funds will be used for operating and capital needs in the fund.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of The City of Herriman's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to: City of Herriman, Finance Department, 5355 W Herriman Main St, Herriman, UT 84096 or call (801) 758-7686, or e-mail kmaurer@herriman.gov.

Financial Statements



Government-Wide Financial Statements

CITY OF HERRIMAN

Statement of Net Position

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
<i>Current Assets:</i>			
Cash, Cash Equivalents, and Investments	\$ 55,475,968	\$ 27,987,814	\$ 83,463,782
Receivables			
Property, Franchise and Excise Taxes	22,908,751	-	22,908,751
Special Assessment Receivable	4,204,188	-	4,204,188
Accounts Receivable	823,350	5,402,644	6,225,994
Inventory	-	1,253,462	1,253,462
Prepays	170,166	35,643	205,809
Total Current Assets	<u>83,582,423</u>	<u>34,679,563</u>	<u>118,261,986</u>
<i>Noncurrent Assets:</i>			
Restricted Cash, Cash Equivalents, and Investments	26,797,968	14,887,605	41,685,573
Internal Balances	(7,609,748)	7,609,748	-
Security Deposit	30,080	-	30,080
Capital Assets Net of Depreciation:			
Land & Water Rights	352,316,663	18,714,777	371,031,440
Construction in Progress	12,858,621	12,614,055	25,472,676
Buildings	15,862,778	59,983	15,922,761
Right to Use Buildings	433,128	-	433,128
Machinery and Equipment	798,043	1,200,721	1,998,764
Right to Use Equipment	418,969	-	418,969
Autos & Trucks	3,501,741	809,286	4,311,027
Improvements Other than Buildings	155,132,193	143,845,121	298,977,314
Right to Use Subscriptions	992,147	-	992,147
Total Noncurrent Assets	<u>561,532,583</u>	<u>199,741,296</u>	<u>761,273,879</u>
Total Assets	<u>645,115,006</u>	<u>234,420,859</u>	<u>879,535,865</u>
DEFERRED OUTFLOW OF RESOURCES			
Resources Related to Pensions	4,123,820	472,238	4,596,058
Deferred Charge on Refunding	857,239	263,528	1,120,767
Total Deferred Outflows	<u>4,981,059</u>	<u>735,766</u>	<u>5,716,825</u>
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable and Accrued Liabilities	5,133,782	8,161,051	13,294,833
Deposits	3,171,471	575,000	3,746,471
Compensated Absences	1,678,675	122,654	1,801,329
Long-Term Obligations	4,122,454	1,811,214	5,933,668
Accrued Interest	659,558	530,360	1,189,918
Total Current Liabilities	<u>14,765,940</u>	<u>11,200,279</u>	<u>25,966,219</u>
<i>Noncurrent Liabilities:</i>			
Compensated Absences	1,364,339	92,352	1,456,691
Long-Term Obligations	53,570,287	26,798,814	80,369,101
Net Pension Liability	3,974,617	455,152	4,429,769
Total Noncurrent Liabilities	<u>58,909,243</u>	<u>27,346,318</u>	<u>86,255,561</u>
Total Liabilities	<u>73,675,183</u>	<u>38,546,597</u>	<u>112,221,780</u>
DEFERRED INFLOWS OF RESOURCES			
Resources Related to Pensions	30,798	3,527	34,325
Total Deferred Inflows	<u>30,798</u>	<u>3,527</u>	<u>34,325</u>
NET POSITION			
Net Investment in Capital Assets	502,743,014	159,553,854	662,296,868
Restricted for:			
Capital Projects	11,196,395	17,374,599	28,570,994
Debt Service	3,366,798	3,140,249	6,507,047
Redevelopment	2,578,316	-	2,578,316
Development Services	4,044,175	-	4,044,175
Public Safety	99,099	-	99,099
Unrestricted	52,362,287	16,537,799	68,900,086
Total Net Position	<u>\$ 576,390,084</u>	<u>\$ 196,606,501</u>	<u>\$ 772,996,585</u>

The accompanying notes are an integral part of this financial statement

CITY OF HERRIMAN

Statement of Activities

For the Year Ended June 30, 2025

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
General Government	\$ 5,889,722	\$ 41,085	\$ -	\$ -	\$ (5,848,637)	\$ -	\$ (5,848,637)
Administrative Services	1,481,504	429,189	-	-	(1,052,315)	-	(1,052,315)
Public Works	10,915,056	51,458	-	39,841,891	28,978,293	-	28,978,293
Parks, Recreation, and Events	7,208,308	2,089,530	-	9,812,432	4,693,654	-	4,693,654
Community Development	1,862,648	63,384	12,163	6,300,575	4,513,474	-	4,513,474
Development Services	3,306,748	5,006,900	-	-	1,700,152	-	1,700,152
Public Safety	17,275,193	621,073	207,761	579,197	(15,867,162)	-	(15,867,162)
Tax Increment Distributions	4,638,880	-	-	-	(4,638,880)	-	(4,638,880)
Interest and Fees on Long Term Debt	1,522,236	-	-	-	(1,522,236)	-	(1,522,236)
Total Governmental Activities	54,100,295	8,302,619	219,924	56,534,095	10,956,343	-	10,956,343
Business-Type Activities							
Water	18,087,395	16,208,939	37,532	9,575,529	-	7,734,605	7,734,605
Storm Water	3,289,630	1,754,296	-	4,848,737	-	3,313,403	3,313,403
Hi Country I	184,038	152,285	-	-	-	(31,753)	(31,753)
Hi Country II	209,847	248,973	-	33,768	-	72,894	72,894
Total Business-Type Activities	21,770,910	18,364,493	37,532	14,458,034	-	11,089,149	11,089,149
Total Primary Government	\$ 75,871,205	\$ 26,667,112	\$ 257,456	\$ 70,992,129	10,956,343	11,089,149	22,045,492
General Revenues:							
Property Taxes					20,652,752	-	20,652,752
Sales and Use Taxes					13,730,280	-	13,730,280
Other Taxes					3,064,901	-	3,064,901
Gain on Disposition of Capital Assets					1,194,982	-	1,194,982
Unrestricted Investment Earnings					3,171,461	2,196,758	5,368,219
Transfers					(30,950,832)	30,950,832	-
Total General Revenues and Transfers					10,863,544	33,147,590	44,011,134
Change in Net Position					21,819,887	44,236,739	66,056,626
Net Position-Beginning					554,570,197	152,369,762	706,939,959
Net Position-Ending					\$ 576,390,084	\$ 196,606,501	\$ 772,996,585

The accompanying notes are an integral part of this financial statement

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

The General Fund is used to account for resources traditionally associated with a government which are not required legally or by sound financial management to be accounted for in another fund.

Herriman City Safety Enforcement Area (HCSEA) Fund

The HCSEA is a taxing entity created to provide funds for law enforcement services in the City of Herriman.

Herriman City Fire Service Area (HCFA) Fund

The HCFA is a taxing entity created to provide funding for fire services in the City of Herriman.

Community Development and Renewal Agency

The Community Development and Renewal Agency Fund was created to account for five redevelopment project areas located in the City, along with their associated debt.

Capital Projects Fund

This fund is used to account for financial resources accumulated and used for the acquisition or construction of major capital facilities, other than those financed by proprietary funds.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 92.



CITY OF HERRIMAN

Balance Sheet

Governmental Funds

June 30, 2025

	General Fund	Herriman City Safety Enforcement Area	Herriman City Fire Service Area	Community Development and Renewal Agency	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash & Cash Equivalents	\$ 7,131,403	\$ 1,918,223	\$ 8,998,463	\$ 3,016,174	\$ 10,608,808	\$ 23,802,897	\$ 55,475,968
Receivables							
Property, Sales, Franchise and Excise Tax	4,027,244	10,273,726	8,607,781	-	-	-	22,908,751
Other	793,735	-	-	-	29,615	-	823,350
Special Assessments	-	-	-	4,204,188	-	-	4,204,188
Prepaid Items	165,747	-	-	-	-	4,419	170,166
Restricted Cash	99,099	-	-	2,669,963	24,027,804	1,102	26,797,968
Other	30,080	-	-	-	-	-	30,080
Total Assets	<u>12,247,308</u>	<u>12,191,949</u>	<u>17,606,244</u>	<u>9,890,325</u>	<u>34,666,227</u>	<u>23,808,418</u>	<u>110,410,471</u>
LIABILITIES							
Accounts Payable	1,851,138	-	1,680	437,858	12,305	1,638,997	3,941,978
Accrued Liabilities	839,860	-	-	-	-	351,944	1,191,804
Interfund Payable	-	-	-	-	7,609,748	-	7,609,748
Deposits	3,171,471	-	-	-	-	-	3,171,471
Total Liabilities	<u>5,862,469</u>	<u>-</u>	<u>1,680</u>	<u>437,858</u>	<u>7,622,053</u>	<u>1,990,941</u>	<u>15,915,001</u>
DEFERRED INFLOWS OF RESOURCES							
Deferred Property Taxes	1,082,108	10,211,240	8,552,067	-	-	-	19,845,415
Deferred Assessment	-	-	-	4,204,188	-	-	4,204,188
Total Deferred Inflows of Resources	<u>1,082,108</u>	<u>10,211,240</u>	<u>8,552,067</u>	<u>4,204,188</u>	<u>-</u>	<u>-</u>	<u>24,049,603</u>
FUND BALANCES							
Nonspendable	165,747	-	-	-	-	4,419	170,166
Restricted for:							
Debt Service	-	-	-	2,669,963	-	696,835	3,366,798
Public Safety	99,099	-	-	-	-	-	99,099
Capital Projects	-	-	-	-	24,027,804	4,491,261	28,519,065
Redevelopment	-	-	-	2,578,316	-	-	2,578,316
Development Services	-	-	-	-	-	4,044,175	4,044,175
Assigned							
Subsequent Year Appropriation	649,010	-	-	-	3,016,370	10,003,982	13,669,362
Public Safety	-	1,980,709	9,052,497	-	-	-	11,033,206
Debt Service	-	-	-	-	-	6,582	6,582
Capital Projects and Equipment	-	-	-	-	-	2,570,223	2,570,223
Unassigned	4,388,875	-	-	-	-	-	4,388,875
Total Fund Balances	<u>5,302,731</u>	<u>1,980,709</u>	<u>9,052,497</u>	<u>5,248,279</u>	<u>27,044,174</u>	<u>21,817,477</u>	<u>70,445,867</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 12,247,308</u>	<u>\$ 12,191,949</u>	<u>\$ 17,606,244</u>	<u>\$ 9,890,325</u>	<u>\$ 34,666,227</u>	<u>\$ 23,808,418</u>	<u>\$ 110,410,471</u>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	542,314,283
Deferred outflows of resources are not available to pay for current expenditures.	4,981,059
Accrued interest payable is not due and payable in the current period.	(659,558)
Property tax receivable is recorded when measurable and available and is not available to pay for current expenditures.	19,845,415
Special Assessment revenue is recognized when the levy is made and when measurable in the government funds and is not available to pay for current expenditures.	4,204,188
Net pension liabilities and deferred inflows of resources related to pensions are not due and payable in the current period.	(4,005,415)
Long-Term Liabilities, including Bonds Payable and Notes Payable, are not due and payable in the current period and therefore are not reported in the funds.	(60,735,755)
Net Position in Governmental Activities	<u>576,390,084</u>

The accompanying notes are an integral part of this financial statement

CITY OF HERRIMAN

Statement of Revenues, Expenditures, and Changes in Fund Balances

Governmental Funds

For the Year Ended June 30, 2025

	General Fund	Herriman City Safety Enforcement Area	Herriman City Fire Service Area	Community Development and Renewal Agency	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 17,929,842	\$ 10,071,859	\$ 8,030,688	\$ 194,940	\$ -	\$ -	\$ 36,227,329
Licenses & Permits	74,814	-	-	-	-	2,459,016	2,533,830
Intergovernmental	2,976,559	-	-	7,085,172	1,536,942	858,360	12,457,033
Charges for Services	2,814,544	-	-	-	-	2,544,360	5,358,904
Fines & Forfeitures	228,831	-	-	-	-	-	228,831
Interest	361,229	103,083	392,888	238,864	1,039,097	1,036,300	3,171,461
Impact Fees	-	-	-	-	-	2,881,270	2,881,270
Miscellaneous	110,185	-	37,941	-	12,461	20,467	181,054
Total Revenues	<u>24,496,004</u>	<u>10,174,942</u>	<u>8,461,517</u>	<u>7,518,976</u>	<u>2,588,500</u>	<u>9,799,773</u>	<u>63,039,712</u>
EXPENDITURES							
General Government	2,888,604	-	-	-	-	-	2,888,604
Administrative Services	1,250,259	-	-	-	-	-	1,250,259
Public Works	5,639,984	-	-	-	-	-	5,639,984
Parks, Recreation, & Events	5,072,344	-	-	-	-	-	5,072,344
Community Development	1,429,744	-	-	131,812	-	-	1,561,556
Public Safety	10,145,757	25	5,995,539	-	-	11,156	16,152,477
Development Services	-	-	-	-	-	3,257,635	3,257,635
Tax Increment Distributions	-	-	-	4,638,880	-	-	4,638,880
Capital Outlay	345,381	-	-	56,756	12,153,422	6,172,792	18,728,351
Debt Service							
Principal	302,969	-	-	1,451,597	-	2,241,044	3,995,610
Interest and Fees	44,808	-	-	302,982	202,062	940,936	1,490,788
Total Expenditures	<u>27,119,850</u>	<u>25</u>	<u>5,995,539</u>	<u>6,582,027</u>	<u>12,355,484</u>	<u>12,623,563</u>	<u>64,676,488</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,623,846)</u>	<u>10,174,917</u>	<u>2,465,978</u>	<u>936,949</u>	<u>(9,766,984)</u>	<u>(2,823,790)</u>	<u>(1,636,776)</u>
OTHER FINANCING SOURCES (USES)							
Bond Proceeds	-	-	-	-	17,562,606	-	17,562,606
Leases (As Lessee)	25,885	-	-	-	-	-	25,885
Information Technology Subscriptions	319,496	-	-	-	-	-	319,496
Sale of Capital Assets	-	-	-	-	999,970	334,990	1,334,960
Transfers In	8,583,082	-	-	13,910	6,870,220	4,028,554	19,495,766
Transfers Out	(9,305,564)	(9,445,902)	-	-	(160,000)	(797,830)	(19,709,296)
Total Other Financing Sources (Uses)	<u>(377,101)</u>	<u>(9,445,902)</u>	<u>-</u>	<u>13,910</u>	<u>25,272,796</u>	<u>3,565,714</u>	<u>19,029,417</u>
Net Change in Fund Balances	(3,000,947)	729,015	2,465,978	950,859	15,505,812	741,924	17,392,641
Fund Balances - July 1	8,303,678	1,251,694	6,586,519	4,297,420	11,538,362	21,075,553	53,053,226
Fund Balances - June 30	<u>\$ 5,302,731</u>	<u>\$ 1,980,709</u>	<u>\$ 9,052,497</u>	<u>\$ 5,248,279</u>	<u>\$ 27,044,174</u>	<u>\$ 21,817,477</u>	<u>\$ 70,445,867</u>

The accompanying notes are an integral part of this financial statement

CITY OF HERRIMAN

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

Governmental Funds

For the Year Ended June 30, 2025

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

Net Changes in Fund Balances - Total Governmental Funds	\$ 17,392,641
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 capital outlays exceeded depreciation in the current period.	7,992,242
The issuance of long-term debt (e.g., bonds, notes payable, leases) provides current financial resources to Governmental Funds, but increases long-term liabilities in the Statement of Net Position.	(17,907,987)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and trade-ins) is to increase net position.	(136,500)
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.	42,200,313
Governmental funds transfer of capital assets to Enterprise Funds are not reported as transfers in the fund financial statements, but are reflected in the Statement of Activities.	(30,737,302)
Repayment of principal on long-term debt is an expenditure in the Governmental Funds, but repayment reduces long-term liabilities in the Statement of Net Position.	4,104,562
Governmental funds report revenues (delinquent property taxes) not collected within sixty days as deferred inflows until subsequently collected. These transactions are recorded as revenues when earned in the Statement of Activities.	1,220,604
Increase of accrued compensated absences increases expenses in the Statement of Activities, but is not an expenditure in the governmental funds.	(473,503)
Special assessments are recognized when levied in the Statement of Activities and are recorded in the fund statement when measurable and available.	(784,597)
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.	(910,185)
Amortization of deferred outflows relating to debt is not recognized in the Governmental Funds, but is recorded in the Statement of Activities.	(165,161)
Accrued interest is not reported as an expenditure for the current period in the governmental funds but is recorded in the Statement of Activities.	24,760
Changes in Net Position of Governmental Activities	<u>\$ 21,819,887</u>

PROPRIETARY FUND FINANCIAL STATEMENTS

MAJOR FUNDS

Water Fund

The Water Fund is used to account for the activities of the City's water operations.

Storm Water Fund

The Storm Water Fund is used to account for the activities and operations of the City's storm water system.

NONMAJOR FUNDS

Nonmajor Funds

Nonmajor proprietary funds are presented beginning on page 106.



CITY OF HERRIMAN

Statement of Net Position

Proprietary Funds

June 30, 2025

	Water	Storm Water	Nonmajor Proprietary Funds	Total
ASSETS				
<i>Current Assets:</i>				
Cash & Cash Equivalents	\$ 22,366,792	\$ 4,643,186	\$ 977,836	\$ 27,987,814
Receivables (net of allowance)	5,166,315	183,940	52,389	5,402,644
Interfund Receivable	7,609,748	-	-	7,609,748
Inventory	1,253,462	-	-	1,253,462
Prepaid Items	35,424	219	-	35,643
Total Current Assets	<u>36,431,741</u>	<u>4,827,345</u>	<u>1,030,225</u>	<u>42,289,311</u>
<i>Noncurrent Assets:</i>				
Restricted Cash & Cash Equivalents	14,887,605	-	-	14,887,605
<i>Capital Assets</i>				
Land & Water Rights	18,578,277	136,500	-	18,714,777
Construction in Progress	12,364,191	249,864	-	12,614,055
Buildings	58,400	509,695	-	568,095
Machinery and Equipment	1,734,917	138,658	-	1,873,575
Autos and Trucks	1,692,543	412,783	-	2,105,326
Improvements Other than Buildings	156,439,492	62,333,218	-	218,772,710
Less: Accumulated Depreciation	<u>(55,831,653)</u>	<u>(21,572,942)</u>	<u>-</u>	<u>(77,404,595)</u>
Total Noncurrent Assets	<u>149,923,772</u>	<u>42,207,776</u>	<u>-</u>	<u>192,131,548</u>
Total Assets	<u>186,355,513</u>	<u>47,035,121</u>	<u>1,030,225</u>	<u>234,420,859</u>
DEFERRED OUTFLOWS OF RESOURCES				
Resources Related to Pensions	393,610	78,628	-	472,238
Deferred Charges on Refunding	263,528	-	-	263,528
Total Deferred Outflows of Resources	<u>657,138</u>	<u>78,628</u>	<u>-</u>	<u>735,766</u>
LIABILITIES				
<i>Current Liabilities:</i>				
Accounts Payable	7,887,732	30,990	60,262	7,978,984
Accrued Liabilities	172,336	8,443	1,288	182,067
Accrued Interest	530,360	-	-	530,360
Deposits	575,000	-	-	575,000
Compensated Absences	109,522	13,132	-	122,654
Bonds and Notes Payable	1,811,214	-	-	1,811,214
Total Current Liabilities	<u>11,086,164</u>	<u>52,565</u>	<u>61,550</u>	<u>11,200,279</u>
<i>Noncurrent Liabilities:</i>				
Compensated Absences	75,715	16,637	-	92,352
Bonds and Notes Payable	26,798,814	-	-	26,798,814
Net Pension Liability	379,369	75,783	-	455,152
Total Noncurrent Liabilities	<u>27,253,898</u>	<u>92,420</u>	<u>-</u>	<u>27,346,318</u>
Total Liabilities	<u>38,340,062</u>	<u>144,985</u>	<u>61,550</u>	<u>38,546,597</u>
DEFERRED INFLOWS OF RESOURCES				
Resources Related to Pensions	2,940	587	-	3,527
NET POSITION				
Net Investment in Capital Assets	117,346,078	42,207,776	-	159,553,854
<i>Restricted for:</i>				
Capital Projects	14,502,519	2,872,080	-	17,374,599
Debt Service	3,140,249	-	-	3,140,249
Unrestricted	<u>13,680,803</u>	<u>1,888,321</u>	<u>968,675</u>	<u>16,537,799</u>
Total Net Position	<u>\$ 148,669,649</u>	<u>\$ 46,968,177</u>	<u>\$ 968,675</u>	<u>\$ 196,606,501</u>

The accompanying notes are an integral part of this financial statement

CITY OF HERRIMAN

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2025

	Water	Storm Water	Nonmajor Proprietary Funds	Total
OPERATING REVENUES				
Charges for Services	\$ 15,978,687	\$ 1,744,396	\$ 399,408	\$ 18,122,491
Intergovernmental	37,532	-	-	37,532
Miscellaneous	76,727	2,300	-	79,027
Total Operating Revenues	<u>16,092,946</u>	<u>1,746,696</u>	<u>399,408</u>	<u>18,239,050</u>
OPERATING EXPENSES				
Water Purchases	6,518,004	-	102,940	6,620,944
Salaries and Wages	1,968,389	433,317	112,493	2,514,199
Operating Supplies and Materials	830,378	109,289	18,167	957,834
Professional and Technical Services	117,579	8,386	43,885	169,850
Conferences and Travel	14,941	4,378	-	19,319
Insurance	41,152	4,437	-	45,589
Utilities	888,800	396	42,400	931,596
Equipment, Repairs & Maintenance	428,089	122,715	74,000	624,804
Administrative	926,857	505,961	-	1,432,818
Depreciation	5,535,940	2,100,751	-	7,636,691
Total Operating Expenses	<u>17,270,129</u>	<u>3,289,630</u>	<u>393,885</u>	<u>20,953,644</u>
Operating Income (Loss)	<u>(1,177,183)</u>	<u>(1,542,934)</u>	<u>5,523</u>	<u>(2,714,594)</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	1,940,665	211,868	44,225	2,196,758
Connection Fees	153,525	-	1,850	155,375
Interest and Fees	(838,071)	-	-	(838,071)
Gain (Loss) on Sale and Disposal of Capital Assets	20,805	7,600	-	28,405
Total Nonoperating Revenues (Expenses)	<u>1,276,924</u>	<u>219,468</u>	<u>46,075</u>	<u>1,542,467</u>
Income (Loss) Before Contributions and Transfers	<u>99,741</u>	<u>(1,323,466)</u>	<u>51,598</u>	<u>(1,172,127)</u>
CONTRIBUTIONS AND TRANSFERS				
Impact Fees	1,651,337	190,885	33,768	1,875,990
Capital Contributions-Infrastructure	5,485,005	35,395,154	-	40,880,159
Capital Contributions-Intergovernmental	2,439,187	-	-	2,439,187
Transfers In	53,530	160,000	-	213,530
Total Transfers and Contributions	<u>9,629,059</u>	<u>35,746,039</u>	<u>33,768</u>	<u>45,408,866</u>
Change in Net Position	9,728,800	34,422,573	85,366	44,236,739
Total Net Position, Beginning of Year	<u>138,940,849</u>	<u>12,545,604</u>	<u>883,309</u>	<u>152,369,762</u>
Total Net Position, End of Year	<u>\$ 148,669,649</u>	<u>\$ 46,968,177</u>	<u>\$ 968,675</u>	<u>\$ 196,606,501</u>

The accompanying notes are an integral part of this financial statement

CITY OF HERRIMAN
Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2025

	<u>Water</u>	<u>Storm Water</u>	<u>Nonmajor Proprietary Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 12,834,098	\$ 1,724,499	\$ 376,785	\$ 14,935,382
Payments to Suppliers	(4,876,247)	(233,568)	(240,274)	(5,350,089)
Interfund Services	(926,857)	(505,961)	-	(1,432,818)
Payments to Employees	(1,791,789)	(408,808)	(112,425)	(2,313,022)
Net Cash Flows from Operating Activities	<u>5,239,205</u>	<u>576,162</u>	<u>24,086</u>	<u>5,839,453</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	53,530	160,000	-	213,530
Net Cash From Noncapital Financing Activities	<u>53,530</u>	<u>160,000</u>	<u>-</u>	<u>213,530</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of Capital Assets	(10,051,258)	(591,863)	-	(10,643,121)
Proceeds From Sale of Capital Assets	20,805	7,600	-	28,405
Impact Fees	1,651,337	190,885	33,768	1,875,990
Payment on Interfund Loan	919,721	-	-	919,721
Connection Fees	153,525	-	1,850	155,375
Principal Payments on Long-Term Bonds	(1,395,000)	-	-	(1,395,000)
Interest and Fees Paid	(1,159,409)	-	-	(1,159,409)
Net Cash Flows from Capital and Related Financing Activities	<u>(9,860,279)</u>	<u>(393,378)</u>	<u>35,618</u>	<u>(10,218,039)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on Investments	1,940,665	211,868	44,225	2,196,758
Net Increase (Decrease) in Cash and Cash Equivalents	(2,626,879)	554,652	103,929	(1,968,298)
Cash and Cash Equivalents, Beginning of Year	39,881,276	4,088,534	873,907	44,843,717
Cash and Cash Equivalents, End of Year	<u>\$ 37,254,397</u>	<u>\$ 4,643,186</u>	<u>\$ 977,836</u>	<u>\$ 42,875,419</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating Income (Loss)	\$ (1,177,183)	(1,542,934)	\$ 5,523	\$ (2,714,594)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities				
Depreciation Expense	5,535,940	2,100,751	-	7,636,691
Net Pension and Compensated Absences Adjustment	50,707	22,730	-	73,437
Changes in operating assets and liabilities:				
(Increase) Decrease in Receivables	(3,173,247)	(22,200)	(22,623)	(3,218,070)
(Increase) Decrease in Inventory	(104,341)	-	-	(104,341)
Increase (Decrease) in Accrued Liabilities	4,107,329	17,815	41,186	4,166,330
Net Cash Flows from Operating Activities	<u>\$ 5,239,205</u>	<u>\$ 576,162</u>	<u>\$ 24,086</u>	<u>\$ 5,839,453</u>
NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES				
Capital Contributions	\$ 5,485,005	\$ 35,395,154	\$ -	\$ 40,880,159
Amortization of Bond Premium	265,624	-	-	265,624
Amortization of Deferred Charges on Refunding	40,196	-	-	40,196
Noncash Investing, Capital, and Financing Activities	<u>\$ 5,790,825</u>	<u>\$ 35,395,154</u>	<u>\$ -</u>	<u>\$ 41,185,979</u>

The accompanying notes are an integral part of this financial statement

Notes to the Financial Statements

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Herriman's (the City) financial statements are prepared in accordance with Generally Accepted Accounting Principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established in GAAP and used by the City are discussed below.

A. Reporting Entity

Herriman City is organized under the council-manager form of government, where residents elect a governing body consisting of four City Councilmembers and a Mayor. The position of Mayor is an equal part of the four-member Council and has voting rights, along with being the chairperson of the City Council. The governing body appoints a City Manager to implement policies, oversee the local government's day-to-day operations, and advise the City Council.

The Annual Comprehensive Financial Report (ACFR) of the City includes the financial statements for all activities of the City based upon the criteria set forth in GASB Statement 61, as amended. The primary criterion for including a board or an agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are, in substance, part of the government's operations, so data from these units are combined with data of the primary government. Discretely presented component units, if any, are reported in a separate column in the combined financial statements to emphasize they are legally separate from the City.

Blended Component Units

The Community Development and Renewal Agency of Herriman City (CDRA) includes five project areas that are reported in these financial statements. These project areas are the following:

- Herriman Towne Center CDA/SAA
- Herriman Business Center CDA
- Anthem CRA
- Herriman Innovation District CRA
- Herriman North CRA

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

The project areas collect taxes for the designated areas for not only the City portion of property taxes but also a portion of all other taxing agencies to provide for the construction of infrastructure. The Board of the CDRA is made up of all members of the Herriman City Council and functions only on behalf of the City. The budget and operations of the project areas are approved by the CDRA.

The Herriman City Safety Enforcement Area (HCSEA) is a taxing entity created in January 2018 to provide funds for law enforcement services in Herriman. The HCSEA assesses a property tax on Herriman City landowners, which in turn contracts with the Herriman City police department for services. The funds provided by the tax area are transferred to the general fund to pay for services provided. The Board of the HCSEA is comprised of Herriman City Council members.

The Herriman City Fire Service Area (HCFSA) is a taxing entity created in January 2021 to provide fire services in Herriman. The HCFSA contracts with Unified Fire Authority (UFA) to provide fire services to the City. The Board of the HCFSA is comprised of Herriman City Council members.

The CDRA, HCSEA, and HCFSA of Herriman City are all presented as special revenue funds.

Complete financial statements for each of the individual component units may be obtained at the entity's administrative offices:

Community Development and Renewal Agency of Herriman City
5355 W Herriman Main St
Herriman, UT 84096-5836

Herriman City Safety Enforcement Area
5355 W Herriman Main St
Herriman, UT 84096-5836

Herriman City Fire Service Area
5355 W Herriman Main St
Herriman, UT 84096-5836

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

B. 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 activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which are normally 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. Likewise, the primary government is reported separately from certain legally separate component units, if any, for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are 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 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.

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.

C. Measurement Focus, Basis of Accounting and Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (*i.e.*, when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined, and “available” means the amount is collectible within the current period or soon enough

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt as well as expenditures related to compensated absences, claims, and judgments, which are recorded only when payment is due.

Property taxes, sales taxes, franchise taxes, and earned but unreimbursed state and federal grants associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Only the portion of the special assessments receivable due within the fiscal period is considered 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 government.

The government reports the following major governmental funds:

The *General Fund* is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Herriman City Safety Enforcement Area Fund* is a taxing entity created specifically for public safety. It is a blended component unit of Herriman City. The taxes collected by the Safety Enforcement Area are used to pay for police services provided by the Herriman City Police Department.

The *Herriman City Fire Service Area Fund* is a taxing entity created specifically for public safety. It is a blended component unit of Herriman City. The taxes collected by the Fire Service area are used to pay for fire services provided by Unified Fire Authority.

The *Community Development and Renewal Agency of Herriman City Fund* accounts for the activities of the five project areas included in the Agency, a blended component unit of the City. The Agency is an entity established to further public purpose in the redevelopment of City areas. In addition, the fund accounts for debt service payments on the outstanding Special Assessment debt.

The *Capital Projects Fund* accounts for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary funds).

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

The government reports the following major proprietary funds:

The *Water Fund* accounts for the provision of water services to the customers of the City. Activities of the funds include administration, operations, and maintenance of the water system, which includes billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt and capital improvements. The majority of costs are financed through charges to utility customers and impact fees.

The *Storm Water Fund* is used to account for the activities of the City's storm water operations. This includes the maintenance and improvements needed to support the City's storm water system.

Additionally, the government reports the following fund types:

Special Revenue Funds are used to account for proceeds of specific revenue sources (other than sources for major capital projects) that are legally restricted to expenditures for specified purposes.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital projects.

The *Debt Service Fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for principal and interest on long-term debt of the City.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments to the general fund by the various enterprise funds for providing administrative services for such funds. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and investments with maturities of three months or less at the time of purchase.

Investments consist of amounts deposited with the Utah Public Treasurers' Investment Fund. Investments are stated at fair value.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to or due from other funds".

Legally authorized transfers are treated as interfund transfers and are included in the results of operations in both governmental and proprietary funds.

3. Inventories and Prepaid Items

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid expenditures of governmental funds are recorded as expenditures when purchased using the purchases method.

4. Restricted Assets/Restricted Net Position

Restricted assets are comprised of cash restricted for future payments of principal and interest on debt service. It is the policy of the City to use restricted assets first and then use unrestricted assets.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Restricted net position represents resources that are subject to external restrictions on how they may be used. Of the \$41,799,631 reported as restricted net position in the statement of net position, \$26,313,106 is restricted due to enabling legislation.

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (*e.g.*, roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$10,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the functionality of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20 – 40
Infrastructure	20 – 40
Parks	15 – 40
Machinery and Equipment	5 – 10
Autos and Trucks	5 – 10

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net assets that applies to a future period(s) and so *will not* be recognized as an outflow of resources (expense/expenditure) until then. The City has two items that qualify for reporting in this category: a deferred charge on refunding and resources related to pensions, both of which are reported in the government-wide

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions result from the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net assets that applies to a future period(s) and so *will not* be recognized as an inflow of resources (revenue) until that time. The City has one item, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes. In addition, the statement of net position reports *resources related to pensions*, which relate to the differences between expected and actual experience along with changes in assumptions for the City's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

7. Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. Employees are allowed to carry forward into the next calendar year accrued vacation up to 320 hours and 620 hours of sick leave but are encouraged to take their vacation leave within the calendar year in which it is earned. Upon termination of employment, an employee will be compensated for all unused vacation leave up to 320 hours. Hours above 320 will be paid out on a scale dependent on years of service. Sick leave will be paid out at 25 percent, up to 600 hours, upon termination. Sick leave hours above 600 will be paid out depending on a scale based on years of service.

All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

8. Taxes

In Utah, county governments assess, levy, collect, and disburse two principal types of tax: (1) personal property tax which is assessed on business assets other than real estate, and (2) tax on real estate and improvements. Business personal property and real estate taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on all business personal property on January 1st, and real estate and improvement taxes are levied on January 1st and are payable by November 30th. The real property taxes that are due in November are reported as a receivable from property taxes on the financial statements. Because these taxes are not considered available to liquidate liabilities of the current period, they are offset by a deferred inflow.

The City Council is authorized by state statute to levy a tax against all real and personal property located within its boundaries. The Council must set a tax rate by June 22nd each year. The County Treasurer, acting as a tax collector, must settle and disburse all tax collections to all taxing entities on a routine basis.

9. Long-Term Obligations

In the government-wide and proprietary 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 bonds. Bonds payable are reported net of the applicable bond premium or discount.

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. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual of debt proceeds received, are reported as debt service expenditures.

10. Fund Balance

The City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*, in fiscal year 2011. The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the City is bound to honor

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

them. The City first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable**: This classification includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable. Nonspendable fund balance represents prepaid expenditures.
- **Restricted**: This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include debt service, impact fees, and Renewal Agency fund balance.
- **Committed**: This classification includes amounts that can only be used for specific purposes established by formal action of the City Council. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the City Council. The City does not have any committed fund balance.
- **Assigned**: This fund balance classification includes amounts that are constrained by the City's intent to use the funds for specific purposes but are neither restricted nor committed. This includes balances budgeted for a subsequent fiscal year (typically for capital projects not completed in the current fiscal year). Also included are all remaining amounts that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable, restricted, or committed.
- **Unassigned**: This classification includes residual balances in the general fund. The general fund is the only fund that reports a positive unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund. The capital projects fund reports negative unassigned fund balance due to an interfund loan with the water fund, which was used to acquire land.

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Notes to the Financial Statements

June 30, 2025

When an expenditure is incurred for which amounts of both restricted and unrestricted resources could be used, it is the City's policy to use restricted resources first before using unrestricted resources. Further, when components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, then assigned, and finally unassigned.

The City's fund balance policy states that minimum fund balance will follow state Code. Utah Code § 10-6-116(4) requires a minimum fund balance of 5 percent of total revenues to be maintained in the general fund. For fiscal year 2025, this amount is \$1,224,800.

11. Use of Estimates

Presenting financial statements in conformity with GAAP requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

12. Pensions

For purposes of measuring 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 (URS) Pension Plan and additions to/deductions from URS' fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The governmental fund balance sheet includes a reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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.

Capital related items:

Capital assets used for governmental activities are not financial resources and, therefore, are not reported in the funds.

Cost of capital assets	\$ 687,551,977
Accumulated depreciation	<u>(145,237,694)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 542,314,283</u>

Long-term debt transactions:

Long-term liabilities, including bonds payable and notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Bonds payable	\$ 53,216,188
Bond premium	2,242,311
Notes payable	472,215
Leases payable	848,193
Subscriptions payable	913,834
Compensated absences	<u>3,043,014</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 60,735,755</u>

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Long-term assets and deferred outflows of resources:

Other long-term assets and deferred outflows of resources are not available to pay for current expenditures.

Deferred outflows of resources relating to refunding debt	\$ 857,239
Deferred outflows of resources related to pensions	<u>4,123,820</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	\$ <u>4,981,059</u>

B. Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures and changes in fund balances includes a 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. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.”

Capital outlay	\$18,560,910
Depreciation expense	<u>(10,568,668)</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	\$ <u>7,992,242</u>

CITY OF HERRIMAN

Notes to the Financial Statements

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Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, but increases long-term liabilities in the Statement of Net Position.”

Bonds payable	\$ 16,330,000
Bond premium	1,232,606
Right to use lease proceeds	67,139
Right to use subscription proceeds	<u>277,642</u>

Net adjustments to decrease <i>net changes in fund balances-total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$17,907,987</u>
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Another element of that reconciliation states that “Repayment of principal on long-term debt is an expenditure in the Governmental Funds, but repayment reduces long-term liabilities in the Statement of Net Position.”

Repayment of principal - Bonds	\$3,995,609
Bond premium amortization	<u>108,953</u>

Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$4,104,562</u>
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NOTE 3 – BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are prepared and adopted in accordance with the Uniform Fiscal Procedures Act adopted by the state of Utah. Once a budget has been adopted, it remains in effect until it has been formally revised. Furthermore, in accordance with state law, all appropriations lapse at the end of the budget year. If any obligations are contracted for and are in excess of the adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with GAAP. All funds of the City have legally adopted budgets.

The City adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

- A. On or before the first regularly scheduled meeting of the City Council in May, the Director of Finance and Administrative Services submits a proposed operating and capital budget. The budgets include proposed expenditures and the means of financing them.
- B. A public hearing is held at which time the taxpayers' comments are heard. Notice of the hearing is given at least seven days prior to the hearing. Copies of the proposed budget are made available for public inspection ten days prior to the public hearing.
- C. On or before June 30, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The Director of Finance and Administrative Services has the authority to transfer budget appropriations between line items within any department of any budgetary fund. The City Council, by Resolution, has the authority to transfer budget appropriations between the individual departments of any budgetary fund.
- E. Budget appropriations for any department may be reduced by Resolution.
- F. A public hearing as required in B. above, must be held to increase the total appropriations of any one governmental fund type; however, after the original public hearing, operating and capital budgets of proprietary fund types may be increased by Resolution without an additional hearing. However, the City's practice is to hold a public hearing.
- G. Encumbrances lapse at year end. Encumbered amounts do not carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

During the budget year, the City modified the budget on several occasions using the above procedures.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains cash and investment pools that are available for use by all funds. As of June 30, 2025, the City's cash and investment balance consists of the following:

	<u>Total Cash from All Fund Types</u>
Deposits	
Cash on hand	\$ 485
Cash in bank (Checking and Sweep accounts)	1,623,830
Cash in bank (Xpress Bill Pay account)	669,997
Investments	
Public Treasurers' Investment Fund (PTIF) – Bonds	34,131,484
Public Treasurers' Investment Fund (PTIF) – General	73,046,969
US Bank (Meeder Public Funds)	<u>15,676,590</u>
Total Cash and Investments	<u>\$ 125,149,355</u>

While the City's carrying amount of deposits was \$125,149,355, the balance in the City's bank accounts and cash on hand was \$126,559,894. The difference is due to outstanding checks and deposits in transit.

A. Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be recovered. The City's policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government, and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2025, the deposits are as follows:

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Depository Account	Custodial Credit Risk	Balance June 30, 2025
Checking	Insured	\$ 12,026
Investment Sweep	Insured	237,974
Investment Sweep	Uninsured	2,784,854
Total Deposits		<u>\$ 3,034,854</u>

Investments

Custodial credit risk for investments is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City’s policy for mitigating custodial credit risk is to follow the Utah Money Management Act (UMMA), which provides a list of certified investment dealers, all of which have good credit. At June 30, 2025, the \$122,855,043 in the City’s various investments are uninsured, uncollateralized, and held by the counterparty’s trust department but not in the City’s name and is therefore exposed to custodial credit risk.

B. Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, as defined in the Act; bankers acceptances; obligations of the U.S. Treasury and U.S. government sponsored enterprise; bonds and notes of political subdivisions of the State of Utah; and fixed rate corporate obligations and variable rated securities rated “A” or higher by two nationally recognized statistical rating services as defined in the Act.

The City invests in the Utah Public Treasurer’s Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Council requirements. The PTIF is not registered with the Securities and Exchange Commission (SEC) as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the state of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

administration fees, of the PTIF are allocated based upon the participants' average daily balances.

The following are the City's investments as of June 30, 2025:

Asset Type	Maturities of Instruments				S&P Rating June 30, 2025	Total	Percent of Portfolio
	Less Than 1	1-5 Years	6-10 Years	More Than 10			
Receivable	\$ 259	\$ -	\$ -	\$ -	AAA	\$ 259	0%
U.S. Treasuries	750,225	9,230,864	-	-	AA+	9,981,089	8%
Money Market Funds	89,335	-	-	-	AAA	89,335	0%
Commercial Paper	1,329,031	-	-	-	A-1	1,329,031	1%
U.S. Agencies	1,171,406	2,787,797	-	-	AA+	3,959,203	3%
Municipal Bonds	-	317,673	-	-	AA+	317,673	0%
Utah PTIF	107,178,453	-	-	-	N/A	107,178,453	86%
Total Investments	110,518,709	12,336,334	-	-		122,855,043	
Cash and equivalents	2,294,312	-	-	-	N/A	2,294,312	2%
Total Cash and Investments	\$ 112,813,021	\$ 12,336,334	\$ -	\$ -		\$ 125,149,355	

C. Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of the investment. The City manages its exposure to declines in fair value by adhering to the Utah Money Management Act (The Act). The Act requires that the remaining term to maturity of the investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to between 270 days to 15 months or less.

The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the state to five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. Maturities of the City's investments are noted in the above table, which uses the authoritative accounting standard-approved method of segmented time distribution to disclose the interest rate risk for the City's investments. The City's policy is to adhere to the Act.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

D. Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's policy is to adhere to the Utah Money Management Act (including the rules of the Utah Money Management Council) and diversification requirements outlined in the City's Investment Policy. The Council's Rule 17 limits investments in a single issuer of commercial paper and corporate obligations to 5 percent of the total portfolio.

E. Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize the following three-tiered fair value hierarchy:

- Level 1: Quoted prices for *identical* investments in *active* markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

As of June 30, 2025, the City valued the Utah Public Treasurer's Investment Fund totaling \$107,178,453 using the application of the June 30, 2025, fair value factor, as calculated by the Utah State Treasurer, to the City's ending balance in the fund (Level 2 inputs).

At June 30, 2025, the \$15,676,590 market value of Meeder funds was comprised of \$89,595 in cash and money market funds using Level 1 inputs and \$15,586,995 of commercial paper, agency bonds, municipal and US Government bonds using Level 2 inputs based on market prices.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 5 – RECEIVABLES

Receivables as of year-end for the City’s individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General	Herriman City Safety Enforcement Area	Herriman City Fire Safety Area	Community Development and Renewal Agency	Capital Projects	Water	Storm Water	Nonmajor Proprietary	Total
Receivables:									
Accounts	196,530	-	-	-	29,615	2,740,902	185,852	52,589	3,205,488
Property Tax	1,090,331	10,273,726	8,607,781	-	-	-	-	-	19,971,838
Other Taxes	2,936,913	-	-	-	-	-	-	-	2,936,913
Special Assessments	-	-	-	4,204,188	-	-	-	-	4,204,188
Intergovernmental	557,857	-	-	-	-	-	-	-	557,857
Other	39,348	-	-	-	-	2,443,420	-	-	2,482,768
Less: Allowance for Uncollectible Accounts	-	-	-	-	-	(18,007)	(1,912)	(200)	(20,119)
	<u>\$ 4,820,979</u>	<u>\$ 10,273,726</u>	<u>\$ 8,607,781</u>	<u>\$ 4,204,188</u>	<u>\$ 29,615</u>	<u>\$ 5,166,315</u>	<u>\$ 183,940</u>	<u>\$ 52,389</u>	<u>\$ 33,338,933</u>

NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Transfers From	Transfers To						Total
	General Fund	Community Development and Renewal Agency	Capital Projects	Nonmajor Governmental Funds	Water Fund	Storm Water Fund	
General Fund	\$ -	\$ 13,910	\$ 6,870,220	\$ 2,421,434	\$ -	\$ -	\$ 9,305,564
Herriman City Safety Enforcement Area	8,583,082	-	-	862,820	-	-	9,445,902
Capital Projects	-	-	-	-	-	160,000	160,000
Nonmajor Governmental	-	-	-	744,300	53,530	-	797,830
	<u>\$ 8,583,082</u>	<u>\$ 13,910</u>	<u>\$ 6,870,220</u>	<u>\$ 4,028,554</u>	<u>\$ 53,530</u>	<u>\$ 160,000</u>	<u>\$ 19,709,296</u>

The City transferred monies between funds to support debt service payments in the Debt Service Fund (nonmajor governmental fund). A transfer from the General Fund was initiated to fulfill the terms of a participation agreement in the Community Development and Renewal Agency Fund. Also, the City transferred monies to support capital-related expenditures in the Capital Projects Fund and Capital Equipment Fund. Transfers from the Herriman City Safety Enforcement Area Fund to the General Fund and Capital Equipment Fund were made to support public safety operations and vehicle replacements. A transfer was made from the General Fund to the Water fund for a vehicle purchase reimbursement, and capital project funds were transferred from Capital Projects to the Storm Water fund.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Interfund Receivables/Payables

During fiscal year 2020, the Capital Projects Fund borrowed \$12,500,000 from the Water Fund. A promissory note was executed between the two funds with an effective date of June 30, 2020. Terms of the loan are as follows:

- Repayment shall be in a lump sum on June 30, 2026, with accrued interest at the rate of 1 percent per annum.
- Late payment beyond a 5-day grace period will accrue a 5 percent late fee, and interest shall accrue at 12 percent per annum.

On June 9, 2021, a portion of the land purchased with the interfund loan was sold. Additional portions of the land were sold on March 29, 2023, May 30, 2024, and May 30, 2025. The total proceeds of \$4,883,881 have been applied against the principal and interest balance of the loan, and accrued interest on the note as of June 30, 2025, is \$6,458. The balance on the loan as of June 30, 2025, is \$7,609,748.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 7 – CAPITAL ASSETS

	Balance				Balance
	6/30/2024	Reclassifications	Additions	Deletions	6/30/2025
Governmental Activities					
Capital Assets, not being Depreciated					
Land	\$ 317,316,062	\$ -	\$ 35,137,101	\$ (136,500)	\$ 352,316,663
Construction in Progress	14,134,227	(13,807,124)	12,558,782	(27,264)	12,858,621
Total Capital Assets, not being Depreciated	331,450,289	(13,807,124)	47,695,883	(163,764)	365,175,284
Capital Assets, being Depreciated					
Buildings	22,855,662	(509,695)	-	-	22,345,967
Right to Use Buildings	683,886	-	-	-	683,886
Improvements	307,465,432	(35,771,801)	12,237,280	-	283,930,911
Autos & Trucks	9,469,285	(6,068)	509,943	(965,838)	9,007,322
Machinery & Equipment	4,649,796	-	-	-	4,649,796
Right to Use Equipment	521,616	-	25,885	-	547,501
Right to Use Subscriptions	891,814	-	319,496	-	1,211,310
Total Capital Assets, being Depreciated	346,537,491	(36,287,564)	13,092,604	(965,838)	322,376,693
Less Accumulated Depreciation					
Buildings	(6,373,042)	475,512	(585,659)	-	(6,483,189)
Right to Use Buildings	(113,981)	-	(136,777)	-	(250,758)
Improvements	(138,886,033)	18,507,909	(8,420,594)	-	(128,798,718)
Autos & Trucks	(5,808,758)	373,965	(1,036,626)	965,838	(5,505,581)
Machinery & Equipment	(3,608,999)	-	(242,754)	-	(3,851,753)
Right to Use Equipment	(74,535)	-	(53,997)	-	(128,532)
Right to Use Subscriptions	(126,902)	-	(92,261)	-	(219,163)
Total Accumulated Depreciation	(154,992,250)	19,357,386	(10,568,668)	965,838	(145,237,694)
Total Capital Assets, being Depreciated, net	191,545,241	(16,930,178)	2,523,936	-	177,138,999
Governmental Activities Capital Assets, net	\$ 522,995,530	\$ (30,737,302)	\$ 50,219,819	\$ (163,764)	\$ 542,314,283
Business-Type Activities					
Capital Assets, not being Depreciated					
Land	\$ 3,215,210	\$ -	\$ 136,500	\$ -	\$ 3,351,710
Water Rights	15,363,067	-	-	-	15,363,067
Construction in Progress	3,414,331	4,200	10,913,114	(1,717,590)	12,614,055
Total Capital Assets, not being Depreciated	21,992,608	4,200	11,049,614	(1,717,590)	31,328,832
Capital Assets, being Depreciated					
Buildings	58,400	509,695	-	-	568,095
Machinery & Equipment	1,383,867	-	489,708	-	1,873,575
Autos & Trucks	1,763,494	388,566	127,824	(174,558)	2,105,326
Improvements	156,304,872	49,192,227	13,275,611	-	218,772,710
Total Capital Assets, being Depreciated	159,510,633	50,090,488	13,893,143	(174,558)	223,319,706
Less Accumulated Depreciation					
Buildings	(27,984)	(475,512)	(4,616)	-	(508,112)
Machinery & Equipment	(542,791)	-	(130,063)	-	(672,854)
Autos & Trucks	(876,553)	(373,965)	(220,080)	174,558	(1,296,040)
Improvements	(49,137,749)	(18,507,909)	(7,281,931)	-	(74,927,589)
Total Accumulated Depreciation	(50,585,077)	(19,357,386)	(7,636,690)	174,558	(77,404,595)
Total Capital Assets, being Depreciated, net	108,925,556	30,733,102	6,256,453	-	145,915,111
Business Type Activities Capital Assets, net	\$ 130,918,164	\$ 30,737,302	\$ 17,306,067	\$ (1,717,590)	\$ 177,243,943

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:

General Government	\$ 2,933,230
Public Safety	590,327
Public Works - Operations	5,023,626
Parks, Recreation, & Events	1,982,300
Community Development	39,185
Total Depreciation Expense - Governmental Activities	<u>\$ 10,568,668</u>

Business-Type Activities:

Water	\$ 5,535,939
Storm Water	2,100,751
Total Depreciation Expense - Business-Type Activities	<u>\$ 7,636,690</u>

NOTE 8 - LONG-TERM DEBT

Bonds and notes payable as of June 30, 2025, are comprised of the following:

Revenue Bonds:

2015A Sales and Franchise Tax Revenue Bonds:

\$21,845,000 Sales Tax Revenue Bonds due in annual principal and semi-annual interest payments through August 2035 – Interest rates range from 2.00 to 5.00%. Proceeds were used to construct City Hall and Herriman Boulevard from 6000 West to 6400 West.

\$ 14,085,000

2015B Sales and Franchise Tax Revenue Refunding Bonds:

\$6,045,000 Sales and Franchise Tax Revenue Refunding Bonds due in annual principal and semi-annual interest payments through August 2033 – Interest rates range from 4.40 to 5.70%. Proceeds were used to advance refund the 2008 Sales and Franchise Tax Revenue Bonds.

4,025,000

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

2016 RDA Tax Increment Revenue Bonds: \$10,969,000 RDA Tax Increment Revenue Bonds due in annual principal and interest payments through July 2032 – Interest rate is 5%. Proceeds were used to construct the “U” road around City Hall and Crane Park.	5,942,000
2016 Water Revenue Refunding Bonds: \$7,795,000 Water Revenue Refunding Bonds due in annual principal and semi-annual interest payments through January 2033 – Interest rates range from 2.00 to 4.00%.	5,205,000
2021 Water Revenue and Refunding Bonds: \$22,705,000 Water Revenue and Refunding Bonds due in annual principal and semi-annual interest payments through January 2041 – Interest rate is 5%. Proceeds were used to refund the outstanding 2015 and 2017 bonds and to construct a new water tank.	19,230,000
2021 Sales and Franchise Tax Revenue Bonds: \$10,593,000 Sales and Franchise Tax Revenue Bonds due in annual principal and semi-annual interest payments through August 2036 – Interest rates range from 0.50 to 2.20%. Proceeds were used for Herriman Main Street construction.	8,630,000
2025 Sales and Franchise Tax Revenue Bonds: \$16,330,000 Sales and Franchise Tax Revenue Bonds due in annual principal and semi-annual interest payments through August 2045 – Interest rate is 5%. Proceeds will be used for various City construction projects.	<u>16,330,000</u>
Total Revenue Bonds:	<u>\$73,447,000</u>

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Fiscal Year	Revenue Bonds			
	Governmental		Business-Type	
	Principal	Interest	Principal	Interest
2026	\$ 2,740,000	\$ 1,523,756	\$ 1,445,000	\$ 977,400
2027	3,321,000	1,733,954	1,500,000	919,600
2028	3,434,000	1,620,229	1,565,000	859,600
2029	3,556,000	1,499,121	1,625,000	797,000
2030	3,680,000	1,370,863	1,695,000	732,000
2031 - 2035	18,246,000	4,731,140	7,955,000	2,619,200
2036 - 2040	7,340,000	2,286,092	7,065,000	1,187,000
2041 - 2045	5,435,000	1,021,875	1,585,000	63,400
2046	1,260,000	31,500	-	-
	<u>\$ 49,012,000</u>	<u>\$ 15,818,530</u>	<u>\$ 24,435,000</u>	<u>\$ 8,155,200</u>

Pledged Sources of Revenue Bonds:

The City has pledged sales tax and franchise tax revenue for the 2015A, 2015B, 2021, and 2025 Sales and Franchise Tax Revenue Bonds. The remaining principal and interest payments total \$58,027,178. For the current year, principal and interest paid and total pledged sales tax revenues were \$2,906,213 and \$10,415,924 respectively. It is estimated that annual principal and interest payments on the bonds will require 32 percent of pledged revenues in fiscal year 2026.

The City has pledged water revenue for the 2016 Water Revenue Refunding Bonds and 2021 Water Revenue and Refunding Bonds. The remaining principal and interest payments total \$32,590,200. For the current year, principal and interest paid and total pledged water revenues were \$2,428,200 and \$18,215,644, respectively. It is estimated that annual principal and interest payments on the bonds will require 13 percent of pledged revenues.

The City has pledged property tax increment revenue for the 2016 RDA Tax Increment Revenue Bonds. The remaining principal and interest payments total \$6,835,036. For the current year, principal and interest paid and total pledged tax increment revenues were \$854,243 and \$3,766,630, respectively. It is estimated that annual principal and interest payments on the bonds will require 21 percent of pledged revenues.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Special Assessment Bonds:

2016 Special Assessment Refunding Bonds:

\$10,795,000 Special Assessment Refunding Bonds due in annual principal and interest payments through October 2029 – Interest rate is 2.32%. The bonds are secured by real estate assessments in the Herriman Towne Center CDA, due in annual installments.

Proceeds were used to construct infrastructure in the Herriman Towne Center CDA. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources (for example, foreclosure proceedings) are received. The City expects to make all payments. \$ 4,204,188

Special Assessment Bonds

Fiscal Year	Governmental	
	Principal	Interest
2026	803,037	97,537
2027	821,476	78,907
2028	839,916	59,848
2029	860,199	40,362
2030	879,560	20,406
	<u>\$ 4,204,188</u>	<u>\$ 297,060</u>

The City's bonds are all subject to and in compliance with federal arbitrage regulations.

Notes Payable:

2023 Note Payable

\$1,105,547 Note Payable due in annual principal and interest payments through December 2028 – Interest rate is 4.88%. Note Payable is secured by vehicles purchased with proceeds.

\$ 904,996

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Notes Payable				
<u>Fiscal Year</u>	<u>Governmental</u>		<u>Business-Type</u>	
2026	\$ 109,754	\$ 23,044	\$ 100,590	\$ 21,120
2027	115,110	17,688	105,498	16,211
2028	120,727	12,070	110,647	11,063
2029	126,624	6,179	116,046	5,663
	<u>\$ 472,215</u>	<u>\$ 58,981</u>	<u>\$ 432,781</u>	<u>\$ 54,057</u>

The future annual requirements for all outstanding debt obligations as of June 30, 2025, are as follows:

All Bonds and Notes		
<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 5,198,381	\$ 2,642,857
2027	5,863,084	2,766,359
2028	6,070,290	2,562,810
2029	6,283,869	2,348,325
2030	6,254,560	2,123,269
2031-2035	26,201,000	7,382,025
2036-2040	14,405,000	3,473,092
2041-2045	7,020,000	1,085,275
2046	1,260,000	31,500
	<u>\$ 78,556,184</u>	<u>\$ 24,415,512</u>

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Changes in Long-Term Liabilities

Changes in Long-Term Liabilities

Governmental Activities:	July 1 2024	Additions	Retirements	June 30 2025	Due in One Year
Bonds Payable					
2015A Sales & Franchise Tax Revenue Bonds	\$ 15,070,000	\$ -	\$ 985,000	\$ 14,085,000	\$ 1,020,000
2015B Sales & Franchise Tax Revenue Refunding Bonds	4,385,000	-	360,000	4,025,000	375,000
2016 RDA Tax Increment Revenue Bonds	6,609,000	-	667,000	5,942,000	680,000
2016 Special Assessment Refunding Bonds	4,988,785	-	784,597	4,204,188	803,037
2021 Sales and Franchise Tax Revenue Bonds	9,289,000	-	659,000	8,630,000	665,000
2025 Sales and Franchise Tax Revenue Bonds	-	16,330,000	-	16,330,000	-
Unamortized Bond Premium	1,118,658	1,232,606	108,953	2,242,311	170,584
Total Bonds Payable	41,460,443	17,562,606	3,564,550	55,458,499	3,713,621
Notes Payable-Vehicles	709,258	-	237,043	472,215	109,754
Capital Leases Payable	1,001,650	25,885	179,342	848,193	185,263
Subscriptions Payable	717,965	319,496	123,627	913,834	113,816
Compensated Absences*	2,569,511	473,503	-	3,043,014	1,678,675
Total Governmental Long-Term Obligations	46,458,827	18,381,490	4,104,562	60,735,755	5,801,129
Business-Type Activities					
Bonds Payable					
2016 Water Revenue Refunding Bonds	5,750,000	-	545,000	5,205,000	565,000
2021 Water Revenue and Refunding Bonds	20,080,000	-	850,000	19,230,000	880,000
Unamortized Bond Premium	4,007,871	-	265,624	3,742,247	265,624
Total Bonds Payable	29,837,871	-	1,660,624	28,177,247	1,710,624
Notes Payable - Vehicles	528,690	-	95,909	432,781	100,590
Compensated Absences*	252,980	-	37,974	215,006	122,654
Total Business-Type Long-Term Obligations	30,619,541	-	1,794,507	28,825,034	1,933,868
Total Government-Wide Long-Term Obligations	\$ 77,078,368	\$ 18,381,490	\$ 5,899,069	\$ 89,560,789	\$ 7,734,997

*The change in compensated absences above is a net change for the year (an increase or decrease).

In governmental funds, long-term liabilities other than bonds and notes payable (such as compensated absences and pension liabilities) have typically been liquidated by the general fund.

NOTE 9 - LEASES

Beginning with the year ended June 30, 2022, the financial statements include adoption of GASB No. 87, *Leases*. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

and an intangible right-to-use asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

In leases where the interest rate is not explicitly stated, an incremental borrowing rate is calculated. The City takes the interest rate of the last bond issue, which is compared to a corresponding treasury rate to calculate the spread. The spread is then added to the treasury rate applicable at the time the lease is executed. All leases required the City to calculate an incremental borrowing rate.

The following leases were included in the governmental funds:

On April 1, 2023, the City of Herriman entered into a 60-month lease as a lessee with Scenic Property Management for use of the City's Animal Services Building. An initial lease liability was recorded in the amount of \$301,594. In September 2023, the City moved into a different unit and entered into an updated 60-month lease. The prior lease liability was eliminated, and an initial lease liability for the updated lease was recorded in the amount of \$683,886. As of June 30, 2025, the value of the lease liability is \$581,962. The City is required to make monthly payments ranging from \$11,490 to \$12,932. The lease has a monthly interest rate of 0.23 percent. The value of the right-to-use asset, as of June 30, 2025, is \$683,886 with accumulated amortization of \$250,758.

On December 1, 2022, the City of Herriman entered into a 120-month lease as a lessee with Axon Enterprise, Inc. for use of conducted electrical weapons and body-worn cameras (hardware). An initial lease liability was recorded in the amount of \$488,483. As of June 30, 2025, the value of the lease liability is \$390,311. The City is required to make annual fixed payments of \$55,346. The lease has a monthly interest rate of 0.24 percent. The value of the right-to-use asset, as of June 30, 2025, is \$488,484 with accumulated amortization of \$73,273.

In December 2024, the City signed an amendment to the 120-month lease signed in December 2022. This amendment provided 2 additional electrical weapons and body-worn cameras over the remaining life of the contract. The amendment was recorded as a new lease at an initial liability of \$25,885. Payments range from \$3,027 to \$8,297 with a monthly interest rate of 0.42%. The value of the right-to-use asset at June 30, 2025 is \$25,885 with accumulated amortization of \$1,362.

On January 1, 2024, the City of Herriman entered into a 106-month lease as a lessee with Axon Enterprise, Inc., for use of interview cameras (hardware). An initial lease liability was recorded in the amount of \$33,132. As of June 30, 2025, the value of the lease liability is \$29,377. The

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

City is required to make annual payments ranging from \$10,712 to \$12,212. The lease has a monthly interest rate of 0.23 percent. The value of the right-to-use asset, as of June 30, 2025, is \$33,132 with accumulated amortization of \$5,049.

Leases Payable				Lease Assets		
Governmental				For the Year Ended June 30, 2025		
Fiscal Year	Principal	Interest	Total	Asset Class	Lease Asset Value	Accumulated Amortization
2026	\$ 185,263	\$ 27,300	212,563	Buildings	\$683,886	\$250,758
2027	195,392	16,533	211,925	Equipment	547,501	128,532
2028	205,393	10,936	216,329	Total	<u>\$ 1,231,387</u>	<u>\$ 379,290</u>
2029	81,311	6,429	87,740			
2030	57,191	4,664	61,855			
2031-2033	123,643	4,147	127,790			
	<u>\$ 848,193</u>	<u>\$ 70,009</u>	<u>918,202</u>			

NOTE 10 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

Beginning with the year ended June 30, 2023, the financial statements include the adoption of GASB No. 96, *Subscription-Based Information Technology Arrangements*. This statement establishes uniform accounting and financial reporting requirements for subscription-based technology arrangements (SBITAs); improves the comparability of governments' financial statements, and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. Under this Statement, a government that pays for the right-to-use a vendor's software is required to recognize a SBITA liability and an intangible right-to-use asset. For additional information, refer to the disclosures below.

In SBITAs where the interest rate is not explicitly stated, an incremental borrowing rate is calculated. The City takes the interest rate of the last bond issue, which is compared to a corresponding treasury rate to calculate the spread. The spread is then added to the treasury rate applicable at the time the lease is executed. All leases require the City to calculate an incremental borrowing rate.

The following SBITAs were included in the governmental funds:

On December 1, 2022, the City of Herriman entered into a 120-month SBITA with Axon Enterprise, Inc., for use of taser software. An initial SBITA liability was recorded in the amount of \$830,425. The City is required to make annual fixed payments of \$94,089. The SBITA has a

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

monthly interest rate of 0.24 percent. The value of the right-to-use asset, as of June 30, 2025, is \$622,820, net of accumulated amortization of \$207,605.

In December 2024, the City signed an amendment to the 120-month SBITA for use of the taser software over the remaining life of the contract. The amendment was recorded as a new SBITA with an initial liability of \$41,854. The City is required to make annual payments of \$6,146, with a monthly interest rate of 0.42%. The value of the right-to-use asset is \$39,651, net of accumulated amortization of \$2,203.

On January 1, 2024, the City of Herriman entered into a 106-month SBITA with Axon Enterprise, Inc., for use of camera software. An initial SBITA liability was recorded in the amount of \$61,389. The City is required to make annual payments ranging from \$6,957 to \$7,931. The SBITA has a monthly interest rate of 0.23 percent. The value of the right-to-use asset at June 30, 2025, is \$52,034, net of accumulated depreciation of \$9,355.

On November 1, 2024, the City entered into a 98-month SBITA with Axon Enterprise, Inc. for the use of an artificial-intelligence report writing software. An initial SBITA liability was recorded in the amount of \$277,642. Annual payments of \$42,572, including interest at a monthly rate of 0.50 percent are required through December 1, 2031.

SBITA Payable				SBITA Assets		
Governmental				For the Year Ended June 30, 2025		
Fiscal Year	Principal	Interest	Total	Asset Class	Lease Asset Value	Accumulated Amortization
2026	\$ 113,816	\$ 36,923	150,739	Subscriptions	\$ 1,211,310	\$ 219,163
2027	120,166	30,572	150,738	Total	\$ 1,211,310	\$ 219,163
2028	124,567	26,031	150,598			
2029	129,299	21,300	150,599			
2030	134,237	16,362	150,599			
2031-2033	291,749	17,243	308,992			
	<u>\$ 913,834</u>	<u>\$ 148,431</u>	<u>1,062,265</u>			

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 11 – COMPENSATED ABSENCES

Beginning with the year ended June 30, 2023, the financial statements include the adoption of GASB No. 101, *Compensated Absences*. The objective of this Statement is to update the recognition and measurement guidance for compensated absences. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The beginning balance for compensated absences on July 1, 2024, was \$2,822,491. Compensated absences increased (net) by \$435,529, and the ending balance as of June 30, 2025, is \$3,258,020.

NOTE 12 - PENSION PLANS

Plan Description: Eligible plan participants are provided with pensions through Utah Retirement Systems (URS). URS is composed of the following pension trust funds:

Defined Benefit Plans:

- The Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple-employer, cost-sharing public employee retirement system.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and multiple-employer, cost-sharing public employee retirement system.
- The 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 Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters 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 Utah 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

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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 may be obtained by writing to the below address or by visiting the website: <https://www.urs.org/general/publications>.

Utah Retirement Systems
560 East 200 South
Salt Lake City, UT 84102-2021

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

System	Final Average Salary	Years of service required and/or age eligible for benefits	Benefit percentage 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%
Public Safety System	Highest 3 years	20 years, any age 10 years, age 60 4 years, age 65	2.5% per year up to 20 years 2.0% per year over 20 years	Up to 2.5%
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%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.5% per year to June 30, 2020 2.0% per year July 1, 2020 to present	Up to 2.5%

* Actuarial reduction are applied

** all post-retirement cost-of-living adjustments are non-compounding and are based on the original benefit except for judges, which is a compounding benefit. The cost-of-living adjustments are also limited to the actual Consumer Price Index (CPI) increase for the year, although unused CPI increases not met may be carried forward to subsequent years.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Contribution Rate Summary: As a condition of participation in the Systems, employers and/or employees are required to contribute a certain percentage 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 as of June 30, 2025, are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Noncontributory System											
15 Local Government	-	16.97	-	111	0.70	15.19	-	211	-	5.19	10.00
Public Safety System Noncontributory											
49 Other Div B 2.5% COLA	-	32.57	-	122	4.73	24.03	-	222	-	10.03	14.00

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

For the fiscal year ending June 30, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer	Employee
Noncontributory System	\$ 735,453	\$ -
Public Safety System	667,990	-
Tier 2 Public Employees System	673,404	30,942
Tier 2 Public Safety and Firefighter	446,944	88,029
Tier 2 DC Public Employees Plan	78,704	-
Tier 2 DC Public Safety and Firefighter Plan	10,876	89
Total Contributions	\$ 2,613,372	\$ 119,060

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

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Inflows of Resources Relating to Pensions: On June 30, 2025, the City reported a net pension asset of \$0 and a net pension liability of \$4,429,769.

Measurement Date: December 31, 2024

System	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share 12/31/23	Change (Decrease) / Increase
Noncontributory System	\$ 1,653,863	\$ -	0.5215397 %	0.5351095 %	(0.0135698)
Public Safety System	2,175,367	-	3.0158622 %	3.0577596 %	(0.0418974)
Tier 2 Public Employees System	438,632	-	0.1470742 %	0.1650718 %	(0.0179976)
Tier 2 Public Safety and Firefighter	161,907	-	0.3579731 %	0.3466465 %	0.0113266
	<u>\$ 4,429,769</u>	<u>\$ -</u>			

The net pension asset and liability were measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024, and rolled forward using generally accepted actuarial procedures. The proportion of net pension asset and liability is equal to the ratio of the employer's 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 ending June 30, 2025, the City recognized a pension expense of \$3,633,002.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 1,898,925	\$ 11,529
Changes in assumptions	449,067	2,588
Net difference between projected and actual earnings on pension plan investments	836,830	-
Changes in proportion and differences between contributions and proportionate share of contributions	86,867	20,208
Contributions subsequent to the measurement date	1,324,369	-
	<u>\$ 4,596,058</u>	<u>\$ 34,325</u>

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

\$1,324,369 reported as deferred outflows of resources relating to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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 relating to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 1,668,931
2026	1,500,029
2027	(277,683)
2028	(2,014)
2029	133,373
Thereafter	214,729

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources: For the year ending June 30, 2025, the City recognized pension expense of \$1,508,249.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 985,466	\$ -
Changes in assumptions	136,805	-
Net difference between projected and actual earnings on pension plan investments	498,170	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	2,264
Contributions subsequent to the measurement date	366,537	-
	<u>\$ 1,986,978</u>	<u>\$ 2,264</u>

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

\$366,537 reported as deferred outflows of resources relating to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

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 relating to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 946,497
2026	910,732
2027	(202,141)
2028	(36,913)

Public Safety System Pension Expense and Deferred Outflows and Inflows of Resources: For the year ending June 30, 2025, the City recognized pension expense of \$1,411,161.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 625,816	\$ -
Changes in assumptions	74,964	-
Net difference between projected and actual earnings on pension plan investments	300,131	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	7,732
Contributions subsequent to the measurement date	331,734	-
	<u>\$ 1,332,645</u>	<u>\$ 7,732</u>

\$331,734 reported as deferred outflows of resources relating to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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 relating to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 652,926
2026	482,142
2027	(120,315)
2028	(21,574)

Tier 2 Public Employees System Pension Expense and Deferred Outflows and Inflows of Resources: For the year ending June 30, 2025, the City recognized pension expense of \$479,853.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 189,624	\$ 3,022
Changes in assumptions	146,498	45
Net difference between projected and actual earnings on pension plan investments	28,035	-
Changes in proportion and differences between contributions and proportionate share of contributions	74,165	6,868
Contributions subsequent to the measurement date	381,564	-
	<u>\$ 819,886</u>	<u>\$ 9,935</u>

\$381,564 reported as deferred outflows of resources relating to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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 relating to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 51,352
2026	78,888
2027	34,455
2028	42,177
2029	98,896
Thereafter	122,620

Tier 2 Public Safety and Firefighter System Pension Expense and Deferred Outflows and Inflows of Resources: For the year ending June 30, 2025, the City recognized pension expense of \$233,740.

On June 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 98,021	\$ 8,507
Changes in assumptions	90,800	2,542
Net difference between projected and actual earnings on pension plan investments	10,494	-
Changes in proportion and differences between contributions and proportionate share of contributions	12,702	3,344
Contributions subsequent to the measurement date	244,532	-
	<u>\$ 456,549</u>	<u>\$ 14,394</u>

\$244,532 reported as deferred outflows of resources relating to pensions results from contributions made by the City prior to the fiscal year end, but subsequent to the measurement date of December 31, 2024.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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 relating to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2025	\$ 18,157
2026	28,267
2027	10,319
2028	14,295
2029	34,477
Thereafter	92,110

Actuarial Assumptions: The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50 percent
- Salary Increases 3.5 – 9.5 percent, average, including inflation
- Investment Rate of Return 6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2023.

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 and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighing the

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00 %	7.01 %	2.45 %
Debt securities	20.00 %	2.54 %	0.51 %
Real assets	18.00 %	5.45 %	0.98 %
Private equity	12.00 %	10.05 %	1.21 %
Absolute return	15.00 %	4.36 %	0.65 %
Cash and cash equivalents	0.00 %	0.49 %	0.00 %
Totals	100.00 %		5.80 %
		Inflation	2.50 %
		Expected arithmetic nominal return	8.30 %

The 6.85 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.35 percent that is net of investment expense.

Discount Rate: The discount rate used to measure the total pension liability was 6.85 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. The discount rate does not use the Municipal Bond Index Rate.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate: The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1.00

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

percentage point lower (5.85 percent) or 1.00 percentage point higher (7.85 percent) than the current rate:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 6,994,482	\$ 1,653,863	\$ (2,825,189)
Public Safety System	5,934,716	2,175,367	(901,526)
Tier 2 Public Employees System	1,310,089	438,632	(239,274)
Tier 2 Public Safety and Firefighter	552,089	161,907	(150,049)
Total	\$ 14,791,376	\$ 4,429,769	\$ (4,116,038)

***Pension plan fiduciary net position: Detailed Information about the fiduciary net position of the pension plans is available in the separately issued URS financial report.

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

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The City is a defendant in certain legal actions and pending actions, or in process for miscellaneous claims. The ultimate liability that might result from the final resolution of the above matters is not presently determinable. City management is of the opinion that the outcome of the cases will not have an adverse material effect on the City's financial statements.

In the normal course of operations, the City receives grant funds from various federal agencies. The grant operations are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to the granting of funds. Any liability for reimbursement that may arise as the result of audits of grant funds is not believed to be material.

NOTE 14 – TAX ABATEMENT AGREEMENTS

Utah State law (Utah Code Ann. § 17C-1-409) allows cities to abate taxes for a variety of economic development purposes. Herriman City reports its Community Development and Renewal Agency of Herriman City ("Agency") as a blended component unit. The City's Agency has the authority to negotiate tax abatement agreements on an individual basis. As of June 30, 2025, the Agency manages 5 project areas and, at times, enters into agreements with developers and landowners that result in a GASB 77 disclosure requirement for tax abatements and foregone revenue. The Agency has tax abatement agreements with several participants

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

where specific action, which contributes to economic development, must be taken by the entity receiving the abatement.

The Agency has entered into multiple agreements in the Anthem CRA project area. Below is a summary of the agreements entered into by the Agency in the Anthem CRA project area:

- Tax incentive agreement with Anthem Center, LLC, to reimburse infrastructure improvements, up to eligible reimbursement costs, with a cap of \$11,660,300. Reimbursement is limited to the “Participant’s Tax Increment Share,” as outlined in the agreement. \$703,554 was paid to Anthem Center, LLC, in fiscal year 2025 under this agreement.
- Sales tax incentive agreement with Anthem Center, LLC, to pay up to \$200,000 per year (\$400,000 maximum amount) after the sales tax incentive agreement with WinCo Foods, LLC. The final payment of \$163,251 due under this agreement was made in fiscal year 2025.
- Mitigation Agreement with Jordan School District to remit 35 percent of incremental tax revenues generated by the School District back to the District. \$323,228 was paid to Jordan School District in fiscal year 2025 under this agreement.
- Mitigation Agreement with Salt Lake County to remit 25 percent of Salt Lake County incremental tax revenues generated by Salt Lake County and Salt Lake County Library back to the County. \$74,585 was paid to Salt Lake County in fiscal year 2025 under this agreement.

Below is a summary of the agreements:

Entity	Total			Primary Purpose of the Abatement	Abatement Expires
	Taxes Abated 2025	Taxes Abated in Prior Years	Maximum Tax Abatement		
Anthem Center LLC	\$ 703,554	\$ 2,032,749	\$ 11,660,300	Infrastructure Improvements	June 30, 2041
Anthem Center LLC	-	371,456	None	Infrastructure Improvements	July 31, 2023
Anthem Center LLC	163,251	236,749	400,000	Incentive for Major Commercial Retailer	June 30, 2026
Jordan School District	323,228	1,034,330	4,155,915	Property Tax Mitigation Agreement	June 30, 2036
Salt Lake County	74,585	259,235	1,512,765	Property Tax Mitigation Agreement	June 30, 2036
Total:	\$ 1,264,618	\$ 3,934,519	\$ 17,728,980		

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

The Agency has also entered into multiple agreements in the Innovation District CDA project area. Below is a summary of the agreements:

- Mitigation agreement with the Jordan School District to remit 50 percent of incremental tax revenues generated by the School District back to the District. \$147,123 was paid to Jordan School District in fiscal year 2025 under this agreement.
- Mitigation agreement with Salt Lake County to remit 25 percent of Salt Lake County incremental tax revenues generated by Salt Lake County back to the County. \$17,791 was paid to Salt Lake County in fiscal year 2025 under this agreement.
- Tax incentive agreement with Herriman Industrial #1 to reimburse infrastructure improvements, up to eligible reimbursement costs, with a cap of \$1,280,441. Reimbursement is limited to the “Agency’s Share,” as outlined in the Agreement. \$0 was paid to Herriman Industrial #1 in fiscal year 2025 under this agreement (no project costs have been submitted).

Below is a summary of the agreements:

Entity	Total			Primary Purpose of the Abatement	Abatement Expires
	Taxes Abated 2025	Taxes Abated in Prior Years	Maximum Tax Abatement		
Jordan School District	\$ 147,123	\$ 214,558	\$ 3,694,489	Property Tax Mitigation Agreement	June 30, 2038
Salt Lake County	17,791	28,474	109,475	Property Tax Mitigation Agreement	June 30, 2038
Herriman Industrial # 1	-	-	1,280,441	Infrastructure Improvements	June 30, 2036
Total:	\$ 164,914	\$ 243,032	\$ 5,084,405		

In the Herriman Towne Center CDA project area, the Agency entered into multiple agreements. Below is a summary of the agreements:

- Tax increment participation agreement with HTC Communities, LLC, (Developer) for infrastructure installed within the project area. The Agency will reimburse the Developer in an amount equal to the tax increment generated in the area (excluding increment attributable to the Salt Lake County Tax Levy and the Library Levy) less bond payments. \$1,565,886 was paid to HTC Communities, LLC, in fiscal year 2025 under this agreement.
- Sales tax incentive agreement with EPC Herriman, LLC (Developer) for infrastructure and site improvements associated with The Commons at Herriman Towne Center Mixed-Use Project. The Agency will pay the Developer 50 percent of the direct Point of Sale Tax (POST) received by the City for transactions occurring within the development. Payment until aggregate limit of \$36,900,466 is reached, whichever occurs first (aggregate limit is

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

shared with the tax increment participation agreement described below). \$262,887 was paid to EPC Herriman, LLC, in fiscal year 2025 under this agreement.

Below is a summary of the agreements:

Entity	Total			Primary Purpose of the Abatement	Abatement Expires
	Taxes Abated 2025	Taxes Abated in Prior Years	Maximum Tax Abatement		
HTC Communities LLC	\$ 1,565,886	\$ 5,041,481	\$ 20,288,093	Infrastructure Improvements and SAA	
EPC Herriman LLC	262,887	-	36,900,466	Bond Payment Reimbursement	June 30, 2026
				Infrastructure Improvements	Aggregate Limit Reached
Total:	\$ 1,828,773	\$ 5,041,481	\$ 57,188,559		

In the Business Center CDA project area, the Agency entered into a tax increment participation agreement with the Sorenson Legacy Foundation and the Sorenson Impact Foundation for property tax increment collected, based on the formula outlined in the Agreement. The participation agreement is designed to reimburse each Foundation for infrastructure installed in the project area. If tax increment is insufficient to reimburse each Foundation for infrastructure in the project area, water, storm drain, and transportation impact fees may be used to make up the difference. \$1,353,877 was paid to both Foundations in fiscal year 2025 under this agreement.

Below is a summary of the agreements:

Entity	Total			Primary Purpose of the Abatement	Abatement Expires
	Taxes Abated 2025	Taxes Abated in Prior Years	Maximum Tax Abatement		
Sorenson Legacy and Impact Foundations	\$ 1,353,877	\$ 5,633,682	\$ 32,914,686	Infrastructure Improvements	June 30, 2041
Total:	\$ 1,353,877	\$ 5,633,682	\$ 32,914,686		

In the Herriman North CRA project area, the Agency entered into a tax increment participation agreement with 8 property owners for the purpose of acquiring certain property interest for the extension and construction of improvements to Herriman Main Street, which were necessary for infrastructure improvements in the project area. The agreement states that certain sales tax increment generated on specified parcels will be paid to the property owners through Butterfield Commercial, LLC, up to a maximum cap of \$200,000. This agreement will be paid up to 15 years from the date of the agreement (February 11, 2019), or the point in time the maximum cap has been reached. Payments under this agreement began in fiscal year 2023. \$13,910 was paid to Butterfield Commercial, LLC, in fiscal year 2025 under this agreement.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

The Agency has also entered into participation agreements with Germain Marine, National Automall of Herriman, and T. Johnson Management, LLC, for the purpose of developing an auto mall and other commercial retail within the Herriman North CRA. The agreement specifies that the Agency will pay a portion of the point-of-sale tax generated by sales on specific sites within the CRA. Each agreement allows for 70 percent of the 50 percent direct Point of Sale Tax (POST) generated by each specific site contained in the agreement to be paid to the Participant, after satisfaction of the Agency's obligations to Butterfield Commercial LLC (as specified in the paragraph above) and a set aside of 10 percent for housing as required by Utah Code § 17C-5-307. \$0 was paid to any of these participants in fiscal year 2025 under this agreement.

Utah Code § 5-1-403 prohibits the release of sales tax information specific to a particular entity. Therefore, no further detail can be provided regarding the sales tax abatement agreements listed above.

Below is a summary of the agreements:

Entity	Total			Primary Purpose of the Abatement	Abatement Expires
	Taxes Abated 2025	Taxes Abated in Prior Years	Maximum Tax Abatement		
Butterfield Commerical LLC	\$ 13,910	\$ 29,554	\$ 200,000	Property Acquisition	February 11, 2034 15 Years From Date of First Incentive Payment
Germain Marine	-	-	1,500,000	Attraction of retailer to project area	15 Years From Date of First Incentive Payment
National Automall of Herriman	-	-	8,000,000	Attraction of retailer to project area	15 Years From Date of First Incentive Payment
T Johnson Management LLC	-	-	8,000,000	Attraction of retailer to project area	15 Years From Date of First Incentive Payment
Total:	\$ 13,910	\$ 29,554	\$ 17,700,000		

NOTE 15 - 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. It is the policy of the City to purchase commercial insurance for these risks. Various policies are purchased through an insurance agency to cover liability, theft, damage, and other losses. A minimal deductible applies to these policies, which the City pays in the event of any loss. There have been no significant reductions in coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the three preceding years. The City also maintains a workers compensation policy through a commercial vendor.

CITY OF HERRIMAN

Notes to the Financial Statements

June 30, 2025

NOTE 16 - REDEVELOPMENT AGENCY

The Community Development and Renewal Agency of Herriman City is established to further public purposes in the redevelopment of certain City areas. For the year ending June 30, 2025, the following activity occurred in the City's Renewal Agency:

• Tax increment collection from other taxing agencies for various project areas	\$7,085,172
• Tax increment distributions	4,638,880
• Outstanding loans to finance RDA projects	5,942,000
• Amounts expended for installation of capital improvements, other public improvements, and housing donations	\$56,756
• Amounts expended for administrative and other costs	131,812

Required Supplementary Information



CITY OF HERRIMAN

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Taxes				
Property Taxes	\$ 1,067,324	\$ 1,101,000	\$ 1,101,000	\$ (33,676)
Motor Vehicle Taxes	67,337	60,000	60,000	7,337
Sales & Use Taxes	13,730,280	13,321,790	13,321,790	408,490
Franchise Taxes	3,054,729	3,147,760	3,147,760	(93,031)
Transient Room Taxes	10,172	15,300	15,300	(5,128)
Total Taxes	<u>17,929,842</u>	<u>17,645,850</u>	<u>17,645,850</u>	<u>283,992</u>
Licenses & Permits				
Business License & Permits	63,384	55,125	55,125	8,259
Non-Business License & Permits	11,430	13,000	13,000	(1,570)
Total Licenses & Permits	<u>74,814</u>	<u>68,125</u>	<u>68,125</u>	<u>6,689</u>
Intergovernmental				
Class "C" Roads	2,814,995	2,200,000	2,486,200	328,795
Grants - Public Safety	88,774	102,310	109,110	(20,336)
Grants - Other	12,163	-	-	12,163
State Liquor Allotment	60,627	46,200	46,200	14,427
Total Intergovernmental	<u>2,976,559</u>	<u>2,348,510</u>	<u>2,641,510</u>	<u>335,049</u>
Charges for Services				
Administration	188,810	186,500	186,500	2,310
Public Works Operations	8,925	15,000	15,000	(6,075)
Parks Recreation & Events	2,054,291	1,875,120	1,933,680	120,611
Public Safety	562,518	557,000	557,000	5,518
Total Charges for Services	<u>2,814,544</u>	<u>2,633,620</u>	<u>2,692,180</u>	<u>122,364</u>
Fines and Forfeitures	<u>228,831</u>	<u>198,790</u>	<u>198,790</u>	<u>30,041</u>
Miscellaneous				
Investment Earnings	361,229	257,810	257,810	103,419
Donations	5,413	-	5,230	183
Sundry Revenue	104,772	96,500	156,380	(51,608)
Total Miscellaneous	<u>471,414</u>	<u>354,310</u>	<u>419,420</u>	<u>51,994</u>
Total Revenues	<u>\$ 24,496,004</u>	<u>\$ 23,249,205</u>	<u>\$ 23,665,875</u>	<u>\$ 830,129</u>

CITY OF HERRIMAN

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
EXPENDITURES				
General Government				
Legislative	\$ 316,927	\$ 380,710	\$ 385,940	\$ 69,013
Planning Commission	8,088	8,090	8,090	2
Administration	686,185	715,230	715,230	29,045
Communications	251,211	320,410	320,410	69,199
Human Resources	601,460	677,280	677,280	75,820
Information Technology	557,441	657,800	655,800	98,359
Legal	467,292	544,705	544,705	77,413
Total General Government	<u>2,888,604</u>	<u>3,304,225</u>	<u>3,307,455</u>	<u>418,851</u>
Administrative Services				
Customer Service	140,362	140,020	148,020	7,658
Justice Court	416,615	507,890	507,890	91,275
Finance	433,687	473,620	473,620	39,933
Recorder	259,595	285,960	296,260	36,665
Total Administrative Services	<u>1,250,259</u>	<u>1,407,490</u>	<u>1,425,790</u>	<u>175,531</u>
Public Works				
Administration	411,112	453,480	453,480	42,368
Facilities	563,653	710,210	712,210	148,557
Fleet Management	311,933	343,690	343,690	31,757
Streets	4,353,286	4,813,515	5,274,025	920,739
Total Public Works - Operations	<u>5,639,984</u>	<u>6,320,895</u>	<u>6,783,405</u>	<u>1,143,421</u>
Parks, Recreation, & Events				
Events & Cultural Arts	1,139,304	1,226,940	1,323,230	183,926
Parks & Cemetery	3,933,040	4,089,350	4,095,520	162,480
Total Parks, Recreation & Events	<u>5,072,344</u>	<u>5,316,290</u>	<u>5,418,750</u>	<u>346,406</u>
Community Development				
Administration	171,107	171,605	171,605	498
Economic Development	199,144	203,360	233,360	34,216
Planning	185,011	224,990	224,990	39,979
Engineering	415,139	513,170	513,170	98,031
GIS	459,343	487,350	487,350	28,007
Total Community Development	<u>1,429,744</u>	<u>1,600,475</u>	<u>1,630,475</u>	<u>200,731</u>
Public Safety				
Animal Control	384,479	439,660	439,660	55,181
Community Services	218,196	240,660	245,660	27,464
Emergency Services	16,482	49,420	44,420	27,938
Police	9,526,600	9,808,930	10,261,390	734,790
Total Public Safety	<u>10,145,757</u>	<u>10,538,670</u>	<u>10,991,130</u>	<u>845,373</u>
Debt Service				
Principal	302,969	245,650	302,660	(309)
Interest and Fees	44,808	44,790	44,790	(18)
Total Debt Service	<u>347,777</u>	<u>290,440</u>	<u>347,450</u>	<u>(327)</u>
Capital Outlay	<u>345,381</u>	<u>-</u>	<u>345,390</u>	<u>9</u>
Total Expenditures	<u>27,119,850</u>	<u>28,778,485</u>	<u>30,249,845</u>	<u>3,129,995</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,623,846)</u>	<u>(5,529,280)</u>	<u>(6,583,970)</u>	<u>3,960,124</u>
OTHER FINANCING SOURCES (USES)				
Leases (As Lessee)	25,885	-	25,890	(5)
Information Technology Subscriptions	319,496	-	319,500	(4)
Transfers In	8,583,082	9,031,350	9,313,580	(730,498)
Transfers Out	(9,305,564)	(4,294,820)	(10,673,163)	1,367,599
Total Other Financing Sources (Uses)	<u>(377,101)</u>	<u>4,736,530</u>	<u>(1,014,193)</u>	<u>637,092</u>
Net Change in Fund Balance	(3,000,947)	(792,750)	(7,598,163)	4,597,216
Fund Balance - July 1	8,303,678	8,303,678	8,303,678	-
Fund Balance - June 30	<u>\$ 5,302,731</u>	<u>\$ 7,510,928</u>	<u>\$ 705,515</u>	<u>\$ 4,597,216</u>

CITY OF HERRIMAN

Herriman City Safety Enforcement Area Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Property Taxes	\$ 9,560,421	\$ 9,363,120	\$ 9,363,120	\$ 197,301
Motor Vehicle Taxes	511,438	600,770	600,770	(89,332)
Investment Earnings	103,083	46,880	46,880	56,203
Total Revenues	<u>10,174,942</u>	<u>10,010,770</u>	<u>10,010,770</u>	<u>164,172</u>
EXPENDITURES				
Professional Services	<u>25</u>	<u>1,000</u>	<u>1,000</u>	<u>975</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(9,445,902)</u>	<u>(9,031,350)</u>	<u>(10,176,400)</u>	<u>730,498</u>
Net Change in Fund Balance	729,015	978,420	(166,630)	894,670
Fund Balance-July 1	<u>1,251,694</u>	<u>1,251,694</u>	<u>1,251,694</u>	-
Fund Balance-June 30	<u>\$ 1,980,709</u>	<u>\$ 2,230,114</u>	<u>\$ 1,085,064</u>	<u>\$ 894,670</u>

CITY OF HERRIMAN

Herriman City Fire Service Area Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Property Taxes	\$ 7,575,036	\$ 7,385,700	\$ 7,385,700	\$ 189,336
Motor Vehicle Taxes	455,652	370,800	370,800	84,852
Investment Earnings	392,888	236,580	236,580	156,308
Miscellaneous Revenue	37,941	37,900	37,900	41
Total Revenues	<u>8,461,517</u>	<u>8,030,980</u>	<u>8,030,980</u>	<u>430,537</u>
EXPENDITURES				
Fire-Contract Services	5,983,786	5,990,780	5,991,030	7,244
Professional Services	4,725	200	4,725	-
Operations	7,028	40,000	35,225	28,197
Total Expenditures	<u>5,995,539</u>	<u>6,030,980</u>	<u>6,030,980</u>	<u>35,441</u>
Net Change in Fund Balance	2,465,978	2,000,000	2,000,000	465,978
Fund Balance-July 1	6,586,519	6,586,519	6,586,519	-
Fund Balance-June 30	<u>\$ 9,052,497</u>	<u>\$ 8,586,519</u>	<u>\$ 8,586,519</u>	<u>\$ 465,978</u>

CITY OF HERRIMAN

Community Development and Renewal Agency of Herriman City

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Property Taxes	\$ 194,940	\$ 195,900	\$ 194,960	\$ (20)
Intergovernmental	7,085,172	7,086,980	7,085,190	(18)
Investment Earnings	238,864	155,600	227,270	11,594
Total Revenues	<u>7,518,976</u>	<u>7,438,480</u>	<u>7,507,420</u>	<u>11,556</u>
EXPENDITURES				
Tax Increment Distributions	4,638,880	4,395,500	4,666,760	27,880
Debt Service				
Principal	1,451,597	1,451,600	1,451,600	3
Interest and Fees	302,982	302,990	302,990	8
Affordable Housing	-	128,270	128,270	128,270
Capital Outlay and Projects	56,756	-	57,300	544
Administration	131,812	147,450	147,450	15,638
Total Expenditures	<u>6,582,027</u>	<u>6,425,810</u>	<u>6,754,370</u>	<u>172,343</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>936,949</u>	<u>1,012,670</u>	<u>753,050</u>	<u>183,899</u>
OTHER FINANCING SOURCES				
Transfers In	<u>13,910</u>	<u>25,000</u>	<u>25,000</u>	<u>(11,090)</u>
Net Change in Fund Balance	950,859	1,037,670	778,050	172,809
Fund Balance-July 1	<u>4,297,420</u>	<u>4,297,420</u>	<u>4,297,420</u>	-
Fund Balance-June 30	<u>\$ 5,248,279</u>	<u>\$ 5,335,090</u>	<u>\$ 5,075,470</u>	<u>\$ 172,809</u>

CITY OF HERRIMAN

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

Measurement Date of December 31, 2024

June 30, 2025

Last 10 Calendar Years

		Noncontributory System	Public Safety System	Tier 2 Public Employees System	Tier 2 Public Safety and Firefighters System
Noncontributory System					
	2024	0.5215397%	3.0158622%	0.1470742%	0.3579731%
	2023	0.5351095%	3.0577596%	0.1650718%	0.3466465%
	2022	0.5532487%	3.1784507%	0.1633626%	0.3348391%
	2021	(0.5720358%)	(3.5331928%)	(0.1610377%)	(0.2191585%)
Proportion of the net pension liability (asset)	2020	0.5830439%	3.6781080%	0.1726118%	0.1687831%
	2019	0.5490521%	3.7546814%	0.1633763%	0.1853455%
	2018	0.5183287%	1.2104672%	0.1457050%	0.0594155%
	2017	0.4785770%	0.0000000%	0.1290918%	0.0000000%
	2016	0.4632172%	0.0000000%	0.1256948%	0.0000000%
	2015	0.4326968%	0.0000000%	0.1151862%	0.0000000%
	2024	\$ 16,539	\$ 21,754	\$ 4,386	\$ 1,619
	2023	1,241,221	1,998,895	321,293	130,579
	2022	947,576	1,476,947	177,885	27,934
	2021	(3,276,110)	(1,265,309)	(68,157)	(11,077)
Proportionate share of the net pension liability (asset)	2020	299,068	1,322,398	24,826	15,139
	2019	2,069,305	1,864,574	36,745	17,434
	2018	3,816,829	953,843	62,402	1,489
	2017	2,098,019	-	11,382	-
	2016	2,974,421	-	14,021	-
	2015	2,448,409	-	(251)	-
	2024	\$ 4,393,184	\$ 2,288,694	\$ 4,358,596	\$ 1,634,042
	2023	4,428,280	2,405,010	4,267,671	1,313,458
	2022	4,471,159	2,462,067	3,563,915	1,030,228
	2021	4,521,286	2,479,393	2,989,401	524,090
Covered Payroll	2020	4,691,795	2,518,552	2,759,259	334,771
	2019	4,486,349	2,542,783	2,269,551	305,462
	2018	4,297,331	788,429	1,698,932	77,775
	2017	4,076,207	-	1,263,229	-
	2016	4,003,493	-	1,030,797	-
	2015	3,653,333	-	744,262	-
	2024	37.65%	95.05%	10.06%	9.91%
	2023	28.03%	83.11%	7.53%	9.94%
	2022	21.19%	59.99%	4.99%	2.71%
	2021	(72.46%)	(51.03%)	(2.28%)	(2.11%)
Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	2020	6.37%	52.51%	0.90%	4.52%
	2019	46.12%	73.33%	1.62%	5.71%
	2018	88.82%	120.98%	3.67%	1.91%
	2017	51.47%	0.00%	0.90%	0.00%
	2016	74.30%	0.00%	1.36%	0.00%
	2015	67.02%	0.00%	0.03%	0.00%
	2024	96.02%	91.84%	87.44%	90.10%
	2023	96.90%	92.09%	89.58%	89.10%
	2022	97.50%	93.70%	92.30%	96.40%
	2021	108.70%	105.10%	103.80%	102.80%
Plan fiduciary net position as a percentage of the total pension liability	2020	99.20%	94.50%	98.30%	93.10%
	2019	93.70%	91.70%	96.50%	89.60%
	2018	87.00%	85.60%	90.80%	95.60%
	2017	91.90%	0.00%	97.40%	0.00%
	2016	87.30%	0.00%	95.10%	0.00%
	2015	87.80%	0.00%	100.20%	0.00%

CITY OF HERRIMAN
Required Supplementary Information
Schedule of Contributions - Utah Retirement Systems
June 30, 2025
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 payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2015	\$ 639,873	\$ 639,873	\$ -	\$ 3,554,400	18.00%
	2016	668,026	668,026	-	3,712,328	17.99%
	2017	737,843	737,843	-	4,131,738	17.86%
	2018	744,691	744,691	-	4,126,506	18.05%
	2019	800,868	800,868	-	4,417,299	18.13%
	2020	863,425	863,425	-	4,758,683	18.14%
	2021	849,818	849,818	-	4,692,891	18.11%
	2022	800,590	800,590	-	4,404,610	18.18%
	2023	788,302	788,302	-	4,478,730	17.60%
	2024	773,172	773,172	-	4,397,155	17.58%
2025	735,453	735,453	-	4,438,782	16.57%	
Public Safety System	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	660,360	660,360	-	2,104,761	31.37%
	2020	776,979	776,979	-	2,468,986	31.47%
	2021	778,646	778,646	-	2,519,909	30.90%
	2022	770,344	770,344	-	2,517,273	30.60%
	2023	715,182	715,182	-	2,363,780	30.26%
	2024	713,562	713,562	-	2,376,959	30.02%
2025	667,990	667,990	-	2,280,870	29.29%	
Tier 2 Public Employees System*	2015	\$ 85,348	\$ 85,348	\$ -	\$ 571,177	14.94%
	2016	132,940	132,940	-	891,619	14.91%
	2017	169,242	169,242	-	1,132,248	14.95%
	2018	218,729	218,729	-	1,447,574	15.11%
	2019	306,679	306,679	-	1,969,199	15.57%
	2020	402,881	402,881	-	2,563,411	15.72%
	2021	457,798	457,798	-	2,878,120	15.91%
	2022	523,505	523,505	-	3,251,886	16.10%
	2023	627,449	627,449	-	3,917,487	16.02%
	2024	704,581	704,581	-	4,402,240	16.01%
2025	673,404	673,404	-	4,433,208	15.19%	
Tier 2 Public Safety and Firefighter System*	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	44,880	44,880	-	213,716	21.00%
	2020	68,807	68,807	-	317,418	21.68%
	2021	88,681	88,681	-	370,928	23.91%
	2022	184,412	184,412	-	776,195	23.76%
	2023	288,160	288,160	-	1,212,882	23.76%
	2024	343,435	343,435	-	1,446,653	23.74%
2025	446,944	446,944	-	1,859,942	24.03%	
Tier 2 Public Employees DC Only System*	2015	\$ 5,018	\$ 5,018	\$ -	\$ 68,084	7.37%
	2016	5,350	5,350	-	79,225	6.75%
	2017	6,189	6,189	-	90,103	6.87%
	2018	10,915	10,915	-	150,313	7.26%
	2019	19,601	19,601	-	253,771	7.72%
	2020	32,097	32,097	-	424,730	7.56%
	2021	50,818	50,818	-	710,318	7.15%
	2022	66,386	66,386	-	940,856	7.06%
	2023	67,226	67,226	-	992,116	6.78%
	2024	76,069	76,069	-	1,146,894	6.63%
2025	78,704	78,704	-	1,410,156	5.58%	
Tier 2 DC Public Safety & Firefighters System*	2015	\$ -	\$ -	\$ -	\$ -	0.00%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	-	-	-	-	0.00%
	2019	5,367	5,367	-	55,102	9.74%
	2020	11,725	11,725	-	117,016	10.02%
	2021	14,397	14,397	-	147,817	9.74%
	2022	9,140	9,140	-	93,844	9.74%
	2023	6,687	6,687	-	68,650	9.74%
	2024	9,994	9,994	-	102,609	9.74%
2025	10,876	10,876	-	108,430	10.03%	

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

CITY OF HERRIMAN

Notes to the Required Supplementary Information

For the Year Ended June 30, 2025

NOTE 1 – BUDGETARY INFORMATION

Budgets for the general fund, Herriman City Safety Enforcement Area fund, Herriman City Fire Safety Area fund, and Community Development and Renewal Agency of Herriman City are adopted and presented on a basis consistent with Generally Accepted Accounting Principles (GAAP).

NOTE 2 – DEFINED CONTRIBUTION SYSTEM

The City participates in a defined contribution plan with Utah Retirement Systems and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under section 401(k), 457(b), 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 the Utah Retirement Systems: 401(k), 457(b), and Roth IRA Plans.

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>
401(k) Plan			
Employer Contributions	\$ 1,220,062	\$ 1,187,866	\$ 1,159,825
Employee Contributions	\$ 503,073	\$ 499,185	\$ 489,702
457 Plan			
Employer Contributions	\$ 728,713	\$ 706,992	\$ 642,726
Employee Contributions	\$ 513,907	\$ 473,243	\$ 489,385
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 75,114	\$ 74,201	\$ 73,422

NOTE 3 – CHANGES IN ASSUMPTIONS

There were no changes in the actuarial assumptions or methods since the prior actuarial experience study.

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Supplementary Information



NONMAJOR GOVERNMENTAL FUNDS

Debt Service Fund

This fund is used to accumulate resources for and payment of bond principal and interest for governmental funds.

Development Services Fund

The Development Services fund encompasses multiple departments within the City. This fund is used to account for revenues and expenditures related to activities and services generated by building and development within the City.

Grants Fund

This fund is used to accumulate resources for and payment of projects funded by grants.

Capital Project Funds

Capital project funds are used when a specific revenue source is restricted, committed, or assigned to expenditures for capital projects. Impact fees are charged on new developments within the City and are used to offset the impact of new development within the City. The City has the following nonmajor capital project funds:

- 1) **Park Impact Fee Fund** – This fund is used to account for the collection and expenditure of park impact fees. Park impact fees are received from new development within the City and are restricted to permitted uses under state law.
- 2) **Transportation Impact Fee Fund** – This fund is used to account for the collection and expenditure of transportation impact fees. Road impact fees are received from new development within the City and are restricted to permitted uses under state law.
- 3) **Public Safety Impact Fee Fund** – This fund is used to account for the collection and expenditure of Public Safety (Police) and Fire impact fees collected from new development within the City. These fees are restricted to permitted uses under state law.
- 4) **Street Light Fee Fund** – This fund is used to account for the collection and expenditure of funds received for the purpose of installing streetlights within the City.
- 5) **Street Sign Fee Fund** – This fund is used to account for the collection and expenditure of funds received for the purpose of installing street signs within the City.
- 6) **Public Works Facility Fund** – This fund is used to account for the collection and expenditure of funds to be used for a new Public Works facility in the City.
- 7) **Capital Equipment Fund** – This fund is used for the collection and expenditure of funds for vehicle and equipment purchases outside of the proprietary funds.

CITY OF HERRIMAN

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2025

	Capital Projects Funds									Total Nonmajor Governmental Funds	
	Debt Service	Development Services	Grants	Park Impact Fee	Transportation Impact Fee	Public Safety Impact Fee	Street Light Fee	Street Sign Fee	Public Works Facility		Capital Equipment
ASSETS											
Cash & Cash Equivalents	\$ 702,315	\$ 4,451,060	\$ 31,878	\$ 9,198,962	\$ 2,988,324	\$ 3,013,631	\$ 211,377	\$ 283,908	\$ 841,462	\$ 2,079,980	\$ 23,802,897
Prepaid Items	-	4,419	-	-	-	-	-	-	-	-	4,419
Restricted Cash	1,102	-	-	-	-	-	-	-	-	-	1,102
Total Assets	<u>\$ 703,417</u>	<u>\$ 4,455,479</u>	<u>\$ 31,878</u>	<u>\$ 9,198,962</u>	<u>\$ 2,988,324</u>	<u>\$ 3,013,631</u>	<u>\$ 211,377</u>	<u>\$ 283,908</u>	<u>\$ 841,462</u>	<u>\$ 2,079,980</u>	<u>\$ 23,808,418</u>
LIABILITIES											
Accounts Payable	\$ -	\$ 54,941	\$ -	\$ 1,031,503	\$ 526,441	\$ 8,117	\$ -	\$ -	\$ 15,840	\$ 2,155	\$ 1,638,997
Accrued Liabilities	-	351,944	-	-	-	-	-	-	-	-	351,944
Total Liabilities	<u>-</u>	<u>406,885</u>	<u>-</u>	<u>1,031,503</u>	<u>526,441</u>	<u>8,117</u>	<u>-</u>	<u>-</u>	<u>15,840</u>	<u>2,155</u>	<u>1,990,941</u>
FUND BALANCES											
Nonspendable	-	4,419	-	-	-	-	-	-	-	-	4,419
Restricted											
Debt Service	696,835	-	-	-	-	-	-	-	-	-	696,835
Capital Projects	-	-	-	1,759,943	725,804	2,005,514	-	-	-	-	4,491,261
Development Services	-	4,044,175	-	-	-	-	-	-	-	-	4,044,175
Assigned											
Subsequent Year Appropriation	-	-	31,878	6,407,516	1,736,079	1,000,000	211,370	283,900	273,410	59,829	10,003,982
Debt Service	6,582	-	-	-	-	-	-	-	-	-	6,582
Capital Projects and Equipment	-	-	-	-	-	-	7	8	552,212	2,017,996	2,570,223
Total Fund Balances	<u>703,417</u>	<u>4,048,594</u>	<u>31,878</u>	<u>8,167,459</u>	<u>2,461,883</u>	<u>3,005,514</u>	<u>211,377</u>	<u>283,908</u>	<u>825,622</u>	<u>2,077,825</u>	<u>21,817,477</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 703,417</u>	<u>\$ 4,455,479</u>	<u>\$ 31,878</u>	<u>\$ 9,198,962</u>	<u>\$ 2,988,324</u>	<u>\$ 3,013,631</u>	<u>\$ 211,377</u>	<u>\$ 283,908</u>	<u>\$ 841,462</u>	<u>\$ 2,079,980</u>	<u>\$ 23,808,418</u>

CITY OF HERRIMAN

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2025

	Capital Projects Funds										Total Nonmajor Governmental Funds
	Debt Service	Development Services	Grants	Park Impact Fee	Transportation Impact Fee	Public Safety Impact Fee	Street Light Fee	Street Sign Fee	Public Works Facility	Capital Equipment	
REVENUES											
Licenses & Permits	\$ -	\$ 2,459,016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,459,016
Intergovernmental	800,000	-	58,360	-	-	-	-	-	-	-	858,360
Charges for Services	-	2,544,360	-	-	-	-	-	-	-	-	2,544,360
Investment Earnings	35,066	146,504	3	439,977	132,884	130,605	9,962	13,087	39,173	89,039	1,036,300
Impact Fees	-	-	-	740,885	1,561,188	579,197	-	-	-	-	2,881,270
Miscellaneous	-	3,524	-	-	-	-	-	-	-	16,943	20,467
Total Revenues	<u>835,066</u>	<u>5,153,404</u>	<u>58,363</u>	<u>1,180,862</u>	<u>1,694,072</u>	<u>709,802</u>	<u>9,962</u>	<u>13,087</u>	<u>39,173</u>	<u>105,982</u>	<u>9,799,773</u>
EXPENDITURES											
Development Services	-	3,257,635	-	-	-	-	-	-	-	-	3,257,635
Public Safety	-	-	2,656	-	-	8,500	-	-	-	-	11,156
Capital Outlay	-	-	23,829	3,008,509	2,085,400	313,743	19,546	2,098	26,590	693,077	6,172,792
Debt Service											
Principal	2,241,044	-	-	-	-	-	-	-	-	-	2,241,044
Interest and Fees	940,936	-	-	-	-	-	-	-	-	-	940,936
Total Expenditures	<u>3,181,980</u>	<u>3,257,635</u>	<u>26,485</u>	<u>3,008,509</u>	<u>2,085,400</u>	<u>322,243</u>	<u>19,546</u>	<u>2,098</u>	<u>26,590</u>	<u>693,077</u>	<u>12,623,563</u>
Excess (Deficiency) of Revenues Over (Under)											
Expenditures	<u>(2,346,914)</u>	<u>1,895,769</u>	<u>31,878</u>	<u>(1,827,647)</u>	<u>(391,328)</u>	<u>387,559</u>	<u>(9,584)</u>	<u>10,989</u>	<u>12,583</u>	<u>(587,095)</u>	<u>(2,823,790)</u>
OTHER FINANCING SOURCES (USES)											
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	334,990	334,990
Transfers In	2,346,914	-	-	-	-	-	-	-	-	1,681,640	4,028,554
Transfers Out	-	(62,000)	-	-	(682,300)	-	-	-	-	(53,530)	(797,830)
Total Other Financing Sources (Uses)	<u>2,346,914</u>	<u>(62,000)</u>	<u>-</u>	<u>-</u>	<u>(682,300)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,963,100</u>	<u>3,565,714</u>
Net Change in Fund Balances	-	1,833,769	31,878	(1,827,647)	(1,073,628)	387,559	(9,584)	10,989	12,583	1,376,005	741,924
Fund Balances - Beginning	703,417	2,214,825	-	9,995,106	3,535,511	2,617,955	220,961	272,919	813,039	701,820	21,075,553
Fund Balances - Ending	<u>\$ 703,417</u>	<u>\$ 4,048,594</u>	<u>\$ 31,878</u>	<u>\$ 8,167,459</u>	<u>\$ 2,461,883</u>	<u>\$ 3,005,514</u>	<u>\$ 211,377</u>	<u>\$ 283,908</u>	<u>\$ 825,622</u>	<u>\$ 2,077,825</u>	<u>\$ 21,817,477</u>

CITY OF HERRIMAN

Debt Service Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Intergovernmental	\$ 800,000	\$ 800,000	\$ 800,000	\$ -
Investment Earnings	35,066	28,000	28,000	7,066
Total Revenues	<u>835,066</u>	<u>828,000</u>	<u>828,000</u>	<u>7,066</u>
EXPENDITURES				
Debt Service				
Principal	2,241,044	2,326,400	2,326,400	85,356
Interest and Fees	940,936	921,100	921,100	(19,836)
Total Expenditures	<u>3,181,980</u>	<u>3,247,500</u>	<u>3,247,500</u>	<u>65,520</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(2,346,914)</u>	<u>(2,419,500)</u>	<u>(2,419,500)</u>	<u>72,586</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>2,346,914</u>	<u>2,419,500</u>	<u>2,419,500</u>	<u>(72,586)</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance-July 1	<u>703,417</u>	<u>703,417</u>	<u>703,417</u>	-
Fund Balance-June 30	<u>\$ 703,417</u>	<u>\$ 703,417</u>	<u>\$ 703,417</u>	<u>\$ -</u>

CITY OF HERRIMAN

Development Services Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Licenses & Permits	\$ 2,459,016	\$ 2,093,000	\$ 2,093,000	\$ 366,016
Charges for Services				
Building	1,627,226	1,400,000	1,400,000	227,226
Engineering	799,158	134,000	134,000	665,158
Planning	117,976	144,000	144,000	(26,024)
Miscellaneous				
Investment Earnings	146,504	38,190	38,190	108,314
Sundry Revenue	3,524	25,000	25,000	(21,476)
Total Revenues	<u>5,153,404</u>	<u>3,834,190.00</u>	<u>3,834,190</u>	<u>593,242</u>
EXPENDITURES				
Salaries & Wages	1,076,113	1,332,540	1,332,540	256,427
Conferences and Travel	12,503	17,870	17,870	5,367
Operating Supplies & Materials	226,172	169,400	169,400	(56,772)
Equipment, Repairs, & Maintenance	13,387	25,950	25,950	12,563
Insurance	3,441	3,990	3,990	549
Professional and Technical Services	219,733	228,440	252,960	33,227
Cost of Issuance				
Administrative	1,706,286	1,811,870	1,811,870	105,584
Total Expenditures	<u>3,257,635</u>	<u>3,590,060</u>	<u>3,614,580</u>	<u>356,945</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,895,769</u>	<u>244,130</u>	<u>219,610</u>	<u>1,676,159</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(62,000)</u>	<u>(62,000)</u>	<u>(62,000)</u>	<u>-</u>
Net Change in Fund Balance	1,833,769	182,130	157,610	1,676,159
Fund Balance-July 1	2,214,825	2,214,825	2,214,825	-
Fund Balance-June 30	<u>\$ 4,048,594</u>	<u>\$ 2,396,955</u>	<u>\$ 2,372,435</u>	<u>\$ 1,676,159</u>

CITY OF HERRIMAN

Grants Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
 For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Intergovernmental	\$ 58,360	\$ 239,390	\$ 317,750	\$ (259,390)
Investment Earnings	3	-	-	3
Total Revenues	<u>58,363</u>	<u>239,390</u>	<u>317,750</u>	<u>(259,387)</u>
EXPENDITURES				
Public Safety	2,656	-	58,360	55,704
Capital Outlay	<u>23,829</u>	<u>239,390</u>	<u>259,390</u>	<u>235,561</u>
Total Expenditures	<u>26,485</u>	<u>239,390</u>	<u>317,750</u>	<u>291,265</u>
Net Change in Fund Balance	31,878	-	-	31,878
Fund Balance-July 1	-	-	-	-
Fund Balance-June 30	<u>\$ 31,878</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,878</u>

CITY OF HERRIMAN

Capital Projects Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Intergovernmental	\$ 1,536,942	\$ 2,215,000	\$ 8,671,230	\$ (7,134,288)
Investment Earnings	1,039,097	198,310	1,209,660	(170,563)
Miscellaneous	12,461	-	12,350	111
Total Revenues	<u>2,588,500</u>	<u>2,413,310</u>	<u>9,893,240</u>	<u>(7,304,740)</u>
EXPENDITURES				
Capital Outlay				
Transportation	9,794,179	3,669,760	24,031,740	14,237,561
Parks & Cemetery	27,545	255,000	528,400	500,855
Storm Drain	-	-	161,660	161,660
Events & Recreation	30,000	187,940	157,730	127,730
Property Acquisition	2,021,833	2,000,000	4,007,500	1,985,667
Other	279,865	234,000	343,800	63,935
Debt Service				
Cost of Issuance	121,813	419,370	240,000	118,187
Interest and Fees	80,249	-	80,250	1
Total Expenditures	<u>12,355,484</u>	<u>6,766,070</u>	<u>29,551,080</u>	<u>17,195,596</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(9,766,984)</u>	<u>(4,352,760)</u>	<u>(19,657,840)</u>	<u>9,890,856</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	999,970	-	999,970	-
Bond Proceeds	17,562,606	14,398,300	17,562,600	6
Transfers In	6,870,220	1,987,280	8,154,143	(1,283,923)
Transfers Out	(160,000)	-	(160,000)	-
Total Financing Sources (Uses)	<u>25,272,796</u>	<u>16,385,580</u>	<u>26,556,713</u>	<u>(1,283,917)</u>
Net Change in Fund Balance	15,505,812	12,032,820	6,898,873	8,606,939
Fund Balance-July 1	11,538,362	11,538,362	11,538,362	-
Fund Balance-June 30	<u>\$ 27,044,174</u>	<u>\$ 23,571,182</u>	<u>\$ 18,437,235</u>	<u>\$ 8,606,939</u>

CITY OF HERRIMAN

Park Impact Fee Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Impact Fees	\$ 740,885	\$ 2,100,000	\$ 2,100,000	\$ (1,359,115)
Intergovernmental	-	-	1,890,000	(1,890,000)
Investment Earnings	439,977	240,000	240,000	199,977
Total Revenues	<u>1,180,862</u>	<u>2,340,000</u>	<u>4,230,000</u>	<u>(3,049,138)</u>
EXPENDITURES				
Capital Outlay - Parks	<u>3,008,509</u>	<u>5,740,000</u>	<u>11,585,410</u>	<u>8,576,901</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,827,647)</u>	<u>(3,400,000)</u>	<u>(7,355,410)</u>	<u>5,527,763</u>
Net Change in Fund Balance	(1,827,647)	(3,400,000)	(7,355,410)	5,527,763
Fund Balance-July 1	9,995,106	9,995,106	9,995,106	-
Fund Balance-June 30	<u>\$ 8,167,459</u>	<u>\$ 6,595,106</u>	<u>\$ 2,639,696</u>	<u>\$ 5,527,763</u>

CITY OF HERRIMAN

Transportation Impact Fee Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Impact Fees	\$ 1,561,188	\$ 2,500,000	\$ 2,000,000	\$ (438,812)
Investment Earnings	132,884	20,600	130,000	2,884
Total Revenues	<u>1,694,072</u>	<u>2,520,600</u>	<u>2,130,000</u>	<u>(435,928)</u>
EXPENDITURES				
Capital Outlay	<u>2,085,400</u>	<u>2,210,000</u>	<u>3,880,480</u>	<u>1,795,080</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(391,328)</u>	<u>310,600</u>	<u>(1,750,480)</u>	<u>1,359,152</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(682,300)</u>	<u>(682,300)</u>	<u>(682,300)</u>	<u>-</u>
Net Change in Fund Balance	(1,073,628)	(371,700)	(2,432,780)	1,359,152
Fund Balance-July 1	<u>3,535,511</u>	<u>3,535,511</u>	<u>3,535,511</u>	<u>-</u>
Fund Balance-June 30	<u>\$ 2,461,883</u>	<u>\$ 3,163,811</u>	<u>\$ 1,102,731</u>	<u>\$ 1,359,152</u>

CITY OF HERRIMAN

Public Safety Impact Fee Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Impact Fees	\$ 579,197	\$ 450,000	\$ 541,000	\$ 38,197
Investment Earnings	130,605	95,000	162,500	(31,895)
Total Revenues	<u>709,802</u>	<u>\$ 545,000</u>	<u>703,500</u>	<u>6,302</u>
EXPENDITURES				
Professional & Technical	8,500	-	17,000	8,500
Capital Outlay	<u>313,743</u>	<u>1,500,000</u>	<u>1,497,280</u>	<u>1,183,537</u>
Total Expenditures	<u>322,243</u>	<u>1,500,000</u>	<u>1,514,280</u>	<u>1,192,037</u>
Net Change in Fund Balance	387,559	(955,000)	(810,780)	1,198,339
Fund Balance-July 1	<u>2,617,955</u>	<u>2,617,955</u>	<u>2,617,955</u>	-
Fund Balance-June 30	<u>\$ 3,005,514</u>	<u>\$ 1,662,955</u>	<u>\$ 1,807,175</u>	<u>\$ 1,198,339</u>

CITY OF HERRIMAN

Street Light Fee Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and
For the Year Ended June 30, 2025

	<u>Actual Amounts</u>	<u>Budgeted Amounts</u>		<u>Variance with Final Budget</u>
		<u>Original</u>	<u>Final</u>	
REVENUES				
Investment Earnings	<u>9,962</u>	<u>-</u>	<u>-</u>	<u>9,962</u>
EXPENDITURES				
Capital Outlay	<u>19,546</u>	<u>-</u>	<u>220,960</u>	<u>201,414</u>
Net Change in Fund Balance	(9,584)	-	(220,960)	211,376
Fund Balance-July 1	<u>220,961</u>	<u>220,961</u>	<u>220,961</u>	<u>-</u>
Fund Balance-June 30	<u>\$ 211,377</u>	<u>\$ 220,961</u>	<u>\$ 1</u>	<u>\$ 211,376</u>

CITY OF HERRIMAN

Street Sign Fee Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Investment Earnings	\$ 13,087	\$ -	\$ -	\$ 13,087
EXPENDITURES				
Capital Outlay	2,098	-	272,920	270,822
Net Change in Fund Balance	10,989	-	(272,920)	283,909
Fund Balance-July 1	272,919	272,919	272,919	-
Fund Balance-June 30	<u>\$ 283,908</u>	<u>\$ 272,919</u>	<u>\$ (1)</u>	<u>\$ 283,909</u>

CITY OF HERRIMAN

Public Works Facility Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Investment Earnings	<u>\$ 39,173</u>	<u>\$ -</u>	<u>\$ 20,500</u>	<u>\$ 18,673</u>
EXPENDITURES				
Engineering	<u>26,590</u>	<u>-</u>	<u>300,000</u>	<u>273,410</u>
Net Change in Fund Balance	12,583	-	(279,500)	292,083
Fund Balance-July 1	<u>813,039</u>	<u>813,039</u>	<u>813,039</u>	<u>-</u>
Fund Balance-June 30	<u><u>\$ 825,622</u></u>	<u><u>\$ 813,039</u></u>	<u><u>\$ 533,539</u></u>	<u><u>\$ 292,083</u></u>

CITY OF HERRIMAN

Capital Equipment Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2025

	Actual Amounts	Budgeted Amounts		Variance with Final Budget
		Original	Final	
REVENUES				
Investment Earnings	\$ 89,039	\$ -	\$ -	\$ 89,039
Miscellaneous	16,943	-	16,940	3
Total Revenues	<u>105,982</u>	<u>-</u>	<u>16,940</u>	<u>89,042</u>
EXPENDITURES				
Capital Outlay	<u>693,077</u>	<u>607,340</u>	<u>958,710</u>	<u>265,633</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(587,095)</u>	<u>(607,340)</u>	<u>(941,770)</u>	<u>(176,591)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	334,990	-	218,880	116,110
Transfers In	1,681,640	607,340	1,681,640	-
Transfers Out	(53,530)	-	(53,530)	-
Total Financing Sources (Uses)	<u>1,963,100</u>	<u>607,340</u>	<u>1,846,990</u>	<u>116,110</u>
Net Change in Fund Balance	1,376,005	-	905,220	470,785
Fund Balance-July 1	<u>701,820</u>	<u>701,820</u>	<u>701,820</u>	<u>-</u>
Fund Balance-June 30	<u>\$ 2,077,825</u>	<u>701,820</u>	<u>\$ 1,607,040</u>	<u>\$ 470,785</u>

NONMAJOR PROPRIETARY FUNDS

Hi Country I Fund

The Hi Country I Fund is used to account for the activities of the City's operation of the Hi Country I water system owned by the Hi Country Estates Homeowners Association.

Hi Country II Fund

The Hi Country II Fund is used to account for the activities of the City's operation of the Hi Country II water system owned by the Hi Country Estates Homeowners Association Phase II.



CITY OF HERRIMAN

Combining Statement of Net Position

Nonmajor Proprietary Funds

June 30, 2025

	<u>Hi Country I</u>	<u>Hi Country II</u>	<u>Total</u>
ASSETS			
<i>Current Assets:</i>			
Cash & Cash Equivalents	\$ 297,113	\$ 680,723	\$ 977,836
Receivables (net of allowance)	17,312	35,077	52,389
Total Current Assets	<u>314,425</u>	<u>715,800</u>	<u>1,030,225</u>
 Total Assets	<u>314,425</u>	<u>715,800</u>	<u>1,030,225</u>
 LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	29,909	30,353	60,262
Accrued Liabilities	511	777	1,288
Total Current Liabilities	<u>30,420</u>	<u>31,130</u>	<u>61,550</u>
 Total Liabilities	<u>30,420</u>	<u>31,130</u>	<u>61,550</u>
 NET POSITION			
Unrestricted	284,005	684,670	968,675
Total Net Position	<u>\$ 284,005</u>	<u>\$ 684,670</u>	<u>\$ 968,675</u>

CITY OF HERRIMAN**Combining Statement of Revenues, Expenses, and Changes in Net Position**

Nonmajor Proprietary Funds

For the Year Ended June 30, 2025

	<u>Hi Country I</u>	<u>Hi Country II</u>	<u>Total</u>
OPERATING REVENUES			
Charges for Services	\$ 150,435	\$ 248,973	\$ 399,408
OPERATING EXPENSES			
Water Purchases	13,897	89,043	102,940
Salaries and Wages	43,383	69,110	112,493
Operating Supplies and Materials	9,272	8,895	18,167
Professional and Technical Services	43,885	-	43,885
Utilities	17,422	24,978	42,400
Equipment, Repairs & Maintenance	56,179	17,821	74,000
Total Operating Expenses	<u>184,038</u>	<u>209,847</u>	<u>393,885</u>
Operating Income (Loss)	<u>(33,603)</u>	<u>39,126</u>	<u>5,523</u>
NON-OPERATING REVENUES (EXPENSES)			
Investment Earnings	14,156	30,069	44,225
Connection Fees	1,850	-	1,850
Total Nonoperating Revenues (Expenses)	<u>16,006</u>	<u>30,069</u>	<u>46,075</u>
Income (Loss) Before Contributions and Transfers	<u>(17,597)</u>	<u>69,195</u>	<u>51,598</u>
CONTRIBUTIONS AND TRANSFERS			
Impact Fees	<u>-</u>	<u>33,768</u>	<u>33,768</u>
Change in Net Position	<u>(17,597)</u>	<u>102,963</u>	<u>85,366</u>
Total Net Position, Beginning of Year	301,602	581,707	883,309
Total Net Position, End of Year	<u>\$ 284,005</u>	<u>\$ 684,670</u>	<u>\$ 968,675</u>

CITY OF HERRIMAN

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

For the Year Ended June 30, 2025

	<u>Hi Country I</u>	<u>Hi Country II</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 140,585	\$ 236,200	\$ 376,785
Payments to Suppliers	(114,699)	(125,575)	(240,274)
Payments to Employees	(43,422)	(69,003)	(112,425)
Net Cash Flows from Operating Activities	<u>(17,536)</u>	<u>41,622</u>	<u>24,086</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Impact Fees	-	33,768	33,768
Connection Fees	1,850	-	1,850
Net Cash Flows from Capital and Related Financing Activities	<u>1,850</u>	<u>33,768.00</u>	<u>35,618</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on Investments	<u>14,156</u>	<u>30,069</u>	<u>44,225</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,530)	105,459	103,929
Cash and Cash Equivalents, Beginning of Year, as Previously Reported	298,643	575,264	873,907
Change Within Financial Reporting Entity (Nonmajor to Major Fund)	-	-	-
Cash and Cash Equivalents, End of Year, as Restated	<u>\$ 297,113</u>	<u>\$ 680,723</u>	<u>\$ 977,836</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	\$ (33,603)	\$ 39,126	\$ 5,523
Adjustments to reconcile operating income (loss) loss to net cash flows from operating activities			
Changes in operating assets and liabilities:			
(Increase) Decrease in Receivables	(9,850)	(12,773)	(22,623)
Increase (Decrease) in Accrued Liabilities	25,917	15,269	41,186
Net Cash Flows from Operating Activities	<u>\$ (17,536)</u>	<u>\$ 41,622</u>	<u>\$ 24,086</u>

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