

2013 Comprehensive Annual Financial Report

South Jordan



City of South Jordan, Utah
For Fiscal Year Ended June 30, 2013

**City of South Jordan
State of Utah**

Comprehensive Annual Financial Report
For the Fiscal Year Ended
June 30, 2013

PREPARED BY THE FINANCE DEPARTMENT

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City of South Jordan, Utah
 Comprehensive Annual Financial Report
 For the Fiscal Year Ended June 30, 2013

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Introductory Section

Scott L. Osborne, *Mayor*
Mark Seethaler, *Council Member*
Chuck Newton, *Council Member*
Brian Butters, *Council Member*
Steve Barnes, *Council Member*
Larry Short, *Council Member*

John H. Geilmann, *City Manager*



October 25, 2013

The Honorable Mayor and
Members of the City Council
South Jordan City, Utah

RE: Finance Officer's Transmittal Letter and Report on Financial Statements

The Comprehensive Annual Financial Report (CAFR) of the City of South Jordan (the City) for the fiscal year ended June 30, 2013, is hereby submitted as mandated by both local ordinances and state statutes. These ordinances and statutes require the City to issue a report on its financial position and activity, and this report must be annually audited by an independent firm of certified public accountants. We believe the information, as presented, is accurate in all material aspects, and is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This CAFR has been prepared by the City's finance department. Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

The financial reporting entity (the City) includes all of the funds of the primary government (i.e., the City as legally defined), as well as all of its component units. Component units are legally separate entities for which the primary government is financially accountable. Blended component units, although legally separate entities, are, in substance, part of the primary government's operations and are included as part of the primary government. Accordingly, the South Jordan Redevelopment Agency and South Jordan Municipal Building Authority are reported in this CAFR as a special revenue fund and a debt service fund, respectively.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION AND OUTLOOK

Governmental Structure

Under the city manager form of government, by ordinance, legislative powers are vested in a governing body, consisting of a Mayor and five members of a City Council. The government is empowered to levy a property tax on both real and personal property located within its boundaries. The City provides the full range of municipal services normally associated with a municipality.



State

In brief, the general governmental functions include police and fire protection; park construction and maintenance; street construction and maintenance; public improvements; engineering; building inspection; planning and zoning; and administrative services. The City also operates water distribution, golf course and waste collection as enterprise funds.

Economic Condition and Outlook

The City of South Jordan, incorporated in 1935, is located in the southwest part of the Salt Lake Valley. The City is a rapidly growing suburban community encompassing 21.8 square miles. The City's population is currently 56,132. We anticipate the population in South Jordan will continue to increase.

The added population has placed increased demands on services, but the City has adopted a conservative approach to the expansion of these services. The general philosophy of the City is that increased revenues from existing taxes and other revenue sources must provide the base for the expansion of public expenditures. As demonstrated over the past several years, the City is committed to this philosophy.

The City has not been immune to the economic issues troubling the nation. Revenues related to development have increased significantly from the previous year and the City has seen increased interest in both residential and commercial development within City boundaries. In fact, the U.S. Census Bureau recently named South Jordan the second-fastest growing city from July 1, 2011 to July 1, 2012. During the recession, however, the City saw reduced development-related revenue. The most significant impact of reduced revenues is evidenced in the delay of multiple capital projects within the City. Addressing the backlog of necessary projects will take many years and an improving economy.

Moody's investor service recently affirmed its current US local government outlook as "negative." The unevenness of the economic recovery is the main reason Moody's outlook remains negative. Moody's also cites that other important revenue streams for local governments, such as state aid and sales taxes, have not recovered to the same extent as income or capital gains taxes have. The City continues to budget conservatively and realizes that it must create its own economy and not rely on state or federal resources.

MAJOR INITIATIVES

Key Management Practices. The City has implemented financial policies and guidelines for the purpose of providing guidance and direction in relation to financial practices. These guidelines have been a valuable resource used by elected officials and City management to maintain consistency and fiscal restraint during times of economic prosperity as well as recession. By adhering to these principals, the City has been able to keep expenditures within reasonable levels and maintain adequate fund balance reserves even during these difficult times. The policies are reviewed and adopted with the budget each year. A few of these practices are described below:

- **Long-Term Financial Plan.** In accordance with the City's Key Management Practices, The City of South Jordan has put great effort into the development of a long-term financial plan, which will address the long-term needs of the City. The plan was put together by the Mayor and City Council, City management, and the City's finance department. Projections are made for tax revenues, capital expenditures, and debt service for the next twenty years.

However, this plan goes farther than simply projecting revenues and expenditures. Targets have been set for what levels of property tax, sales tax, and other revenues will be necessary for long-term stability. We have also used the plan to evaluate the fiscal sustainability of the City's current land use and zoning plan. Analysis has been done to evaluate whether the potential future revenues from these zones will provide sufficient revenues to meet projected future expenditures. We believe this plan will be a valuable tool for us in the areas of budgeting and strategic planning.

- **Debt Affordability.** The City of South Jordan has established a limit on the amount of general fund revenue which can be used towards debt service. This limit is established at 4 percent of general fund revenue.
- **Personnel Planning.** Since fiscal year 2005 the City has established a 77/23 guideline for the general fund, which strives for a spending ratio of 77 percent for personnel costs and 23 percent for operating costs. The fiscal year 2014 budget incorporates a modified general fund target ratio of 75/25. The modified general fund ratio is the beginning of a collaborative process to move the general fund wages and benefits target toward a future ratio of 65/35.

Capital Projects. The City's staff, following specific directives of the City Council and Mayor, have been involved in a variety of projects throughout the year. These projects reflect the City's commitment to ensuring that the citizens of South Jordan are able to live and work in a desirable environment. During FY 2012-13, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Culinary Water System. The City completed improvements to the City's SCADA system, updated the water master plan, and completed a water rate fee study. The City began a project to replace the transite line in the Glenmoor neighborhood and has scheduled to replace the line on Brook N Lance Lane.
2. Road Projects. The City completed widening portions of 11800 South and continues yearly maintenance projects. Work was also completed on improvements to Mabey Lane. The City is also in the planning stages of widening 4800 West from Skye Drive to 10200 South.
3. Storm Drain Projects. Using storm drain impact fees and a federal grant, the City completed improvements to the Galena Canal. The City is also in the beginning stages of planning a 36-inch storm drain line from 11300 South to 10800 South along 2700 West.
4. Parks Projects. The City continued construction on the Mystic Springs Educational Area, a nearly 1-mile trail composed of native uplands and wetlands along the Jordan River trail. Work began on a park located in the Sunstone subdivision, and construction on the Samuel E. Holt Park is substantially complete.

Economic Development. The City Council recognizes the need to develop the City's economic base in order to provide the necessary services, i.e., recreation, roads, water, etc. to its citizens. Efforts are being made by the City to attract new businesses and to promote the type of activities that will enhance the quality of life in the community. These businesses include restaurants, office buildings, and industrial.

The South Jordan Redevelopment Agency was established for the purpose of encouraging new development within the City. The Agency currently has seven redevelopment areas (RDA's), four economic development areas (EDA's), and three community development areas (CDA's). These areas have been successful in assisting several new office, retail, and industrial businesses within the RDA boundaries.

One of the largest RDA's is the "District". This area has 1.2 million square feet of retail space. Current tenants include Harmon's, Gordman's, Target, JC Penney, LHM Megaplex 20, Famous Footwear, and Hobby Lobby. The success of this development demonstrates the City's dedication to the establishment of long-term, sustained economic growth. The City will continue to encourage development through the use of redevelopment areas.

FINANCIAL INFORMATION

South Jordan's financial statements reflect the rapid growth of the City. As in previous years, the City is able to maintain reserve funds in excess of the minimum required by State code. From fiscal year 2010 to 2013, the City's governmental funds revenues increased from \$42,815,371 to \$55,639,392, and expenditures remained relatively flat, going from \$43,677,418 to \$44,635,809. Growth in proprietary funds has increased during this period as well. Proprietary fund revenues increased from \$13,478,932 to \$20,975,406, while operating expenses rose from \$11,676,775 to \$16,977,012.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring an adequate internal control structure and to document compliance with applicable laws and regulations related to these programs. This internal control structure is subject to periodic evaluations. The audit for the fiscal year ended June 30, 2013, disclosed no instances of internal control weaknesses.

The City's budget serves as the foundation for its financial planning and control. City Management prepares a proposed annual budget which is presented to the City Council for review no later than the first council meeting in May. The Council is required to hold a public hearing on the proposed budget and to adopt the final budget prior to June 22, unless the City proposes a property tax rate in excess of its certified tax rate. In that case, a tentative budget is adopted and is in force until a public hearing is held to approve the increase.

A budget is prepared for each fund, and the General Fund is further divided into departments. Department heads may make transfers of appropriations within a department. Transfers of appropriations or increases in revenues require the approval of the City Council. Activities of the general fund, special revenue funds, debt service funds, and capital project funds are included in the annual appropriated budget. The level of budgetary control (i.e., the level where expenditures cannot legally exceed the appropriated amount) is at the department level within the General Fund and the fund level for all other funds.

As demonstrated by the statement included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

OTHER INFORMATION

Independent Audit

State statutes require an annual audit by independent certified public accountants. The firm of Piercy, Bowler, Taylor, & Kern was selected by the City's Audit Committee to perform this audit. This audit was designed to meet the requirements set forth in the Utah state statutes. Generally accepted auditing standards and the standards set forth in the General Accounting Office's *Government Auditing Standards* were used by the auditors in conducting the engagement. The auditor's report on the financial statements is included in the financial section of this report.

In addition, the City is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act and U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The standards governing single audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on the administration of federal awards. Information related to this single audit, including the schedule of federal financial assistance, findings and recommendations, and auditor's reports on the internal control structure and compliance with applicable laws and regulations are published under separate cover.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement of Excellence in Financial Reporting to the City of South Jordan for its CAFR for the fiscal year ended June 30, 2012. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized CAFR, whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City has received a Certificate of Achievement for the past 27 years. We believe our current report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgments

We would like to thank the Mayor, City Council, and Audit Committee for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the CAFR on a timely basis could not have been accomplished without the efforts and dedication of the City staff. We would like to express our appreciation to them and other personnel from various agencies and authorities who assisted in its preparation.

Respectfully submitted,



Sunil K. Naidu
Director of Finance



John H. Geilmann
City Manager



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

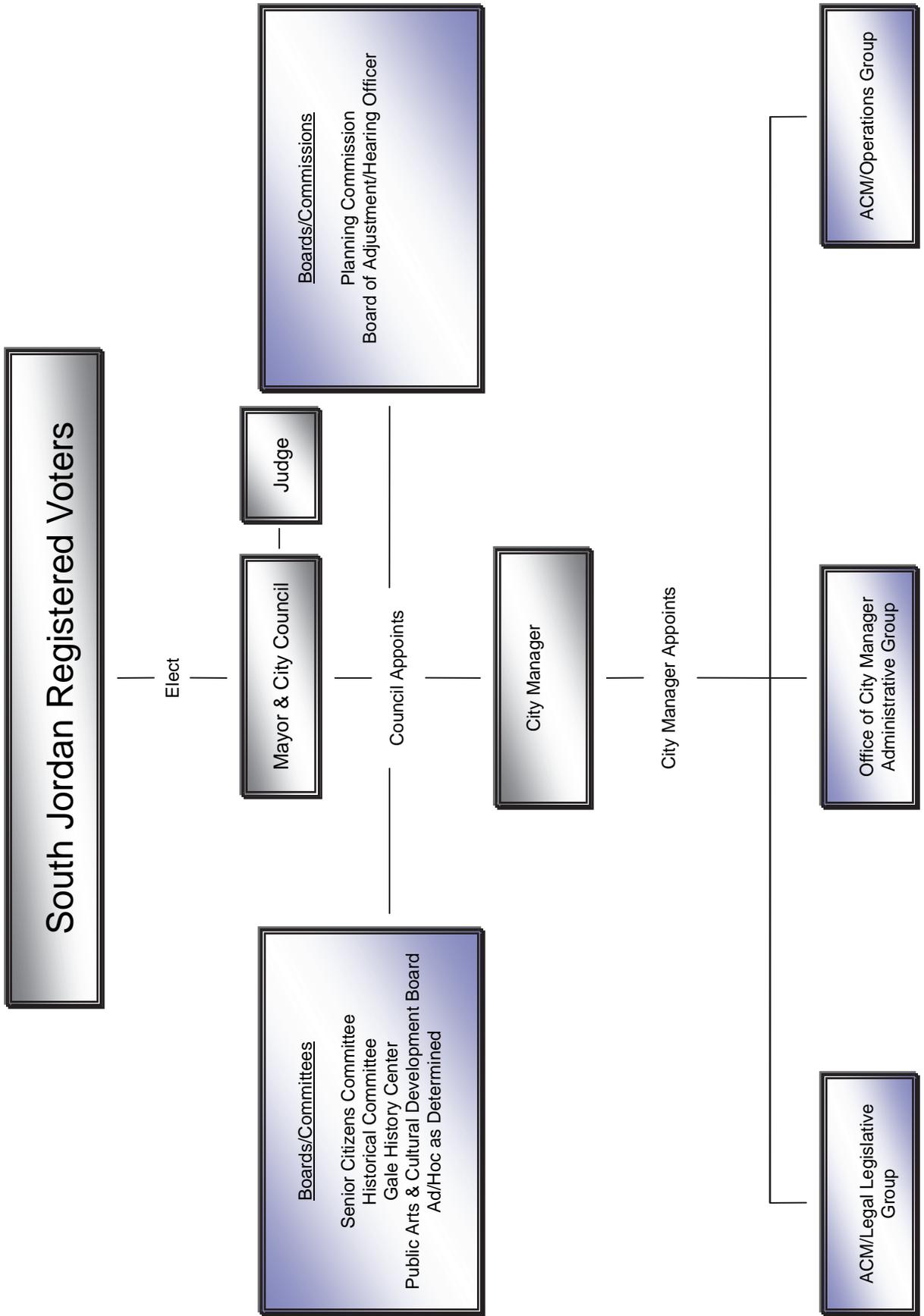
Presented to

**City of South Jordan
Utah**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2012

Executive Director/CEO



City of South Jordan, Utah
 List of Elected and Appointed Officials
 As of June 30, 2013

Elected Officials:



Mayor Scott L. Osborne, Councilmember Mark Seethaler,
 Councilmember Chuck Newton, Councilmember Brian C. Butters,
 Councilmember Steve Barnes, Councilmember Larry Short

Appointed Officials:

- John H. Geilmann City Manager
- I. Robert Wall Assistant City Manager
- Gary L. Whatcott Assistant City Manager
- Clinton E. Balmforth Municipal Court Judge
- Amy Harrington City Treasurer
- Anna West City Recorder

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Financial Section

Independent Auditor's Report

INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Honorable Mayor and Members of the City Council
City of South Jordan, Utah

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

An audit performed in accordance with applicable professional standards is a process designed to obtain reasonable assurance about whether the City's basic financial statements are free from material misstatement. This process involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the basic financial statements to enable the design of audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of significant accounting estimates made by management, as well as the overall presentation of the basic financial statements.

Management's Responsibility for the Financial Statements. Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility. Our responsibility is to express an opinion on the basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion. In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of and for the year ended June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 15-28 and 74-77 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which

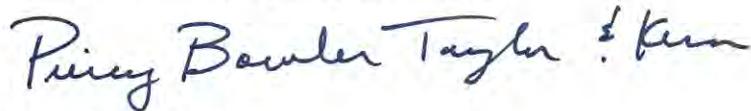
consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information. Our audit was conducted for the purpose of forming our opinion on the financial statements that collectively comprise the City's basic financial statements. The other supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

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

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*. In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2013, 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.

A handwritten signature in cursive script that reads "Priscy Bowler Taylor" followed by a small symbol and the word "Kern".

Salt Lake City, Utah
October 25, 2013

CITY OF SOUTH JORDAN, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of South Jordan, 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, 2013. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 2 of this report.

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 2013 by \$347,228,858 (net position). Of this amount, \$56,279,267 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position of the City of South Jordan increased by \$17,503,968. Of this increase, \$11,741,127 (67.1 percent) is attributable to governmental activities, mainly from donated capital assets and increased revenues due to a recovering economy. Business-type activities provided a \$5,762,841 increase to the City's net position primarily due to planned increases in net position to fund future capital projects and greater than anticipated charges for services in the water fund.
- As of the close of fiscal year 2013, the City's governmental funds reported combined ending fund balances of \$44,648,662, an increase of \$11,190,807 (33.4 percent). The majority of fund balance is assigned to capital projects (44.3 percent) and Redevelopment Agency projects and commitments (27.2 percent).
- At the end of fiscal year 2013, unassigned fund balance of the general fund was \$5,988,567, or 22.5 percent of general fund expenditures (excluding transfers out). Utah state law allows any balance in excess of 5 percent of the total revenues to be utilized for budget purposes. The maximum fund balance allowed is 25 percent of next fiscal year's estimated revenues. The City's General Fund balance is currently at 20.1 percent of next year's budgeted revenues.
- The City's total long-term obligations decreased \$3,716,285 (4.9 percent). This is largely due to regularly scheduled debt service payments.

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 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 taken into account regardless of when cash is received or paid.

Both of the 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, community development, public works, public safety, and parks, recreation, and culture. The business-type activities of the City include water, sanitation, and Mulligan's Golf & Games (Mulligan's).

The government-wide financial statements can be found on pages 31-32 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 funds of the City 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* includes inventories and long-term notes receivable that are not expected to be converted to cash. *Restricted* includes 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 bond proceeds designated for specific projects, debt service reserve requirements, and grant proceeds. *Committed* balances reflect the City’s self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *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. *Unassigned* balances in the general fund are all other available net resources. At June 30, 2013, the City’s combined governmental fund balance is \$44,648,662 (\$67,969 in nonspendable, \$8,687,415 in restricted, \$436,800 in committed, \$29,767,911 in assigned, and \$5,988,567 in unassigned fund balances).

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 nine individual governmental funds:

- General
- Debt Service
- Redevelopment Agency (RDA)
- Capital Projects

- Storm Drain
- Community Development Block Grant (CDBG)
- Fitness Center
- Municipal Building Authority (MBA)
- Cemetery

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, Debt Service, Redevelopment Agency, and Capital Project funds, all of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 34-35 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 utility, sanitation services, and Mulligan’s.

Proprietary funds 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 water, Mulligan’s, and sanitation. Water and Mulligan’s are considered to be major funds and sanitation is considered to be a nonmajor fund.

The basic proprietary fund financial statements can be found on pages 38-40 of this report.

Notes to the financial statements – The notes provide additional information that is 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 41 of this report.

Required Supplementary Information (RSI) – This section contains budget to actual comparison statements for the City’s general fund as well as its only major special revenue fund, which is the RDA. The RSI section begins on page 74.

Other Information – In addition to the above mentioned statements and reports, this report also presents other supplementary information and a statistical section which give additional and more detailed information to the reader. The supplemental section includes individual fund financial statements for the City’s non-major funds as well as budget to actual statements for major funds not reported as RSI. The statistical section gives various financial and demographic data of the City, including trend analysis for certain financial data. The supplementary section begins on page 80, and the statistical section begins on page 93.

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 South Jordan, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$347,228,858 as of June 30, 2013.

By far the largest portion of the City's position (78.9 percent) reflects its investments in capital assets (e.g., land, buildings and structure, machinery and equipment, improvements, construction in progress, infrastructure, and right of way), 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 SOUTH JORDAN

Summary of Net Position

For the Year Ended June 30, 2013

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
Current and Other Assets	\$ 76,096,272	\$ 63,114,980	\$ 29,440,741	\$ 24,793,395	\$ 105,537,013	\$ 87,908,375
Capital Assets	224,651,474	224,905,409	117,605,115	118,903,653	342,256,589	343,809,062
Total Assets	300,747,746	288,020,389	147,045,856	143,697,048	447,793,602	431,717,437
Total Deferred Outflows of Resources	576,987	626,125	635,888	695,583	1,212,875	1,321,708
Long-Term Debt Outstanding	36,161,000	37,608,107	35,262,905	37,532,083	71,423,905	75,140,190
Other Liabilities	5,142,894	4,910,864	1,927,542	2,132,092	7,070,436	7,042,956
Total Liabilities	41,303,894	42,518,971	37,190,447	39,664,175	78,494,341	82,183,146
Total Deferred Inflows of Resources	23,283,278	21,131,109	-	-	23,283,278	21,131,109
Invested in Capital Assets, Net of Related Debt	190,745,605	190,401,077	83,077,861	82,158,412	273,823,466	272,559,489
Restricted	9,320,159	6,487,565	7,805,966	4,686,192	17,126,125	11,173,757
Unrestricted	36,671,797	28,107,792	19,607,470	17,883,852	56,279,267	45,991,644
Total Net Position	\$ 236,737,561	\$ 224,996,434	\$ 110,491,297	\$ 104,728,456	\$ 347,228,858	\$ 329,724,890

An additional portion of the City's net position (4.9 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted

net position of \$56,279,267 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2013, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and 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, 2013:

CITY OF SOUTH JORDAN

Summary of Changes in Net Position

For the Period Ended June 30, 2013

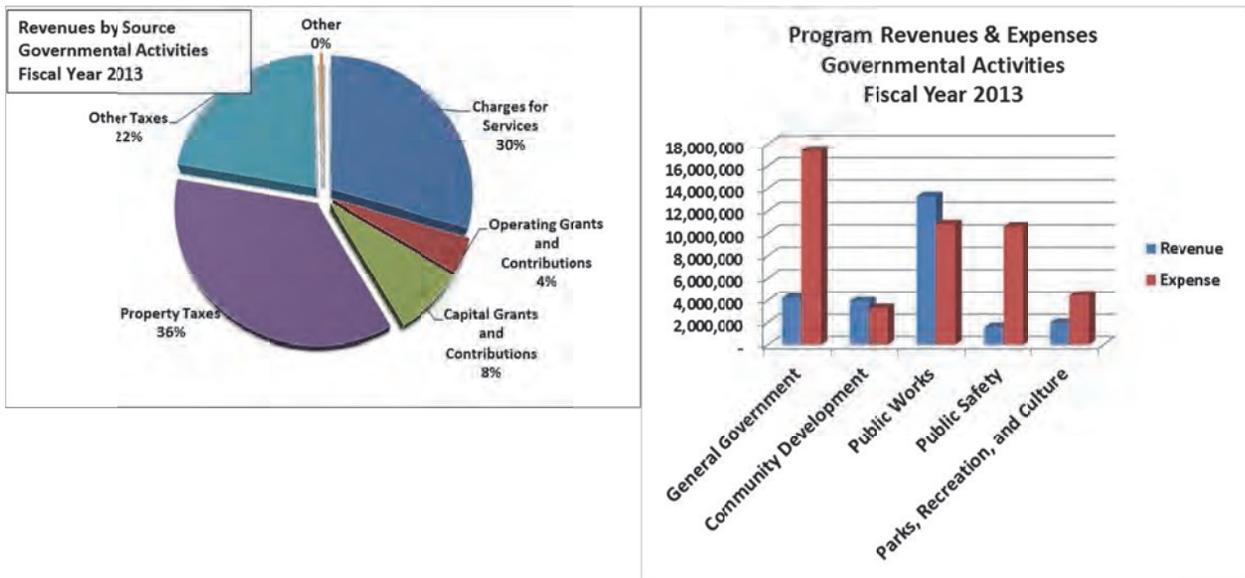
	Governmental Activities		Business-type Activities		Total	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for Services	\$ 17,574,854	\$ 16,713,427	\$ 21,188,166	\$ 19,584,241	\$ 38,763,020	\$ 36,297,668
Operating Grants and Contributions	2,560,591	2,104,024	-	-	2,560,591	2,104,024
Capital Grants and Contributions	4,764,233	4,130,047	2,955,905	1,437,347	7,720,138	5,567,394
General Revenues:						
Property Taxes	21,559,693	19,339,283	-	-	21,559,693	19,339,283
Other Taxes	13,011,432	12,762,558	-	-	13,011,432	12,762,558
Other	233,224	380,297	-	-	233,224	380,297
Total Revenues	59,704,027	55,429,636	24,144,071	21,021,588	83,848,098	76,451,224
Expenses:						
General Government	17,389,131	15,502,901	-	-	17,389,131	15,502,901
Community Development	3,291,558	3,137,078	-	-	3,291,558	3,137,078
Public Works	10,800,864	10,680,313	-	-	10,800,864	10,680,313
Public Safety	10,592,624	10,593,261	-	-	10,592,624	10,593,261
Parks, Recreation, and Culture	4,432,215	3,194,554	-	-	4,432,215	3,194,554
Interest on Long-Term Debt	1,446,215	1,599,655	-	-	1,446,215	1,599,655
Water	-	-	14,711,214	14,600,787	14,711,214	14,600,787
Sanitation	-	-	2,737,800	2,753,324	2,737,800	2,753,324
Mulligans	-	-	1,076,915	1,104,589	1,076,915	1,104,589
Total Expenses	47,952,607	44,707,762	18,525,929	18,458,700	66,478,536	63,166,462
Gain on Sale of Capital Assets	89,002	51,222	45,404	10,000	134,406	61,222
Increase (Decrease) in Net						
Assets Before Transfers	11,840,422	10,773,096	5,663,546	2,572,888	17,503,968	13,345,984
Transfers	(99,295)	(44,100)	99,295	44,100	-	-
Increase in Net Position	11,741,127	10,728,996	5,762,841	2,616,988	17,503,968	13,345,984
Net Position, Beginning (Restated)	224,996,434	214,267,438	104,728,456	102,111,468	329,724,890	316,378,906
Net Position, Ending	<u>\$ 236,737,561</u>	<u>\$ 224,996,434</u>	<u>\$ 110,491,297</u>	<u>\$ 104,728,456</u>	<u>\$ 347,228,858</u>	<u>\$ 329,724,890</u>

Governmental Activities – Governmental activities increased the City's net position by \$11,741,127. Key elements affecting governmental activities net position are as follows:

- General fund revenues posted \$4,401,472 above expectations during fiscal year 2013. Specifically, sales tax exceeded expectations by \$1,223,486, property tax exceeded expectations by \$796,535, energy sales & use tax exceeded expectations by \$431,151, ambulance fees exceeded expectations by \$306,828, and permits exceeded

expectations by \$831,340. In addition, the general fund’s expenditures were \$2,018,063 lower than anticipated in the budget.

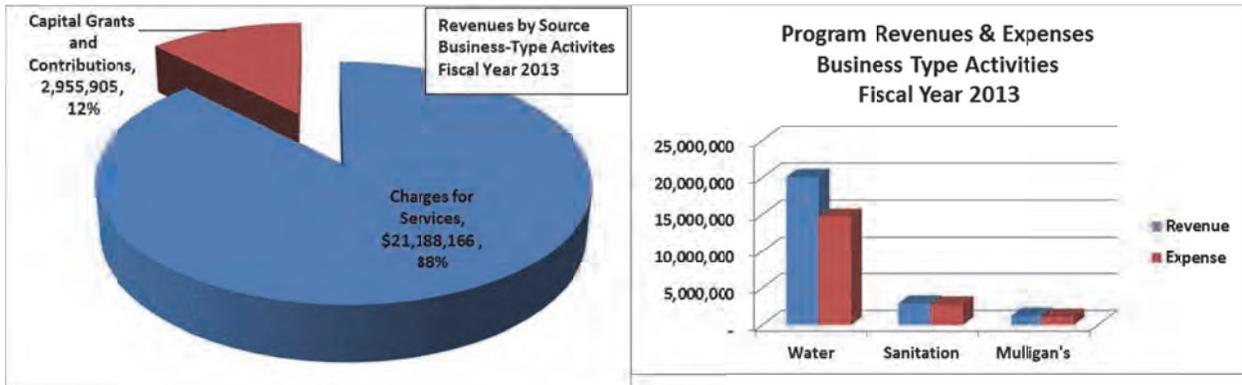
- The City received \$3,845,738 in impact fee revenue during the fiscal year. Impact fee revenue is not spent in the year received; rather it is budgeted for projects in future years.
- The Redevelopment Agency spent \$2,000,162 less than received in tax increment revenues during the year.
- During fiscal year 2013, the City’s governmental funds completed \$8,299,967 of capital projects which includes \$392,220 of projects that began in prior years. The most significant projects include 118th South Widening (\$360,849), police vehicles and equipment (\$311,426), Galena Canal storm drain improvements (\$363,267), and fitness center building improvements (\$259,579). Donated assets include \$2,440,695 in roads, \$910,093 in sidewalks, \$817,559 in curb & gutter, \$270,840 in storm drain, and \$325,045 in street lights.



Business-Type Activities – Business-type activities increased the City’s net position by \$5,762,841, which represents an increase of \$3,145,853 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2013, the City completed \$2,615,193 in capital projects, which includes \$264,054 started in prior years. Notable projects include \$372,550 for SCADA (supervisory control and data acquisition) system improvements, \$204,058 for a water parts storage enclosure, \$279,937 for fire flow projects, and \$129,769 for water machinery and equipment. In addition, \$1,409,189 of donated water lines were capitalized during the fiscal year.
- While operating revenue of \$1,229,420 was below expectations, careful spending allowed Mulligan’s to increase business-type activities net position by \$256,240.

- The sanitation fund contributed \$161,835 to the business-type net position increase. The majority of this increase is due to the City's portion of Trans-Jordan Landfill's increase in net position (\$92,277) and revenues exceeding expectations due to residential growth within the City.
- Water fund operating revenues exceeded expectations by \$2,346,903, and \$1,546,716 of impact fee revenue was received. The City does not spend current year impact fee revenue in the year collected. Collections are used for future impact fee eligible projects.



FUND FINANCIAL ANALYSIS

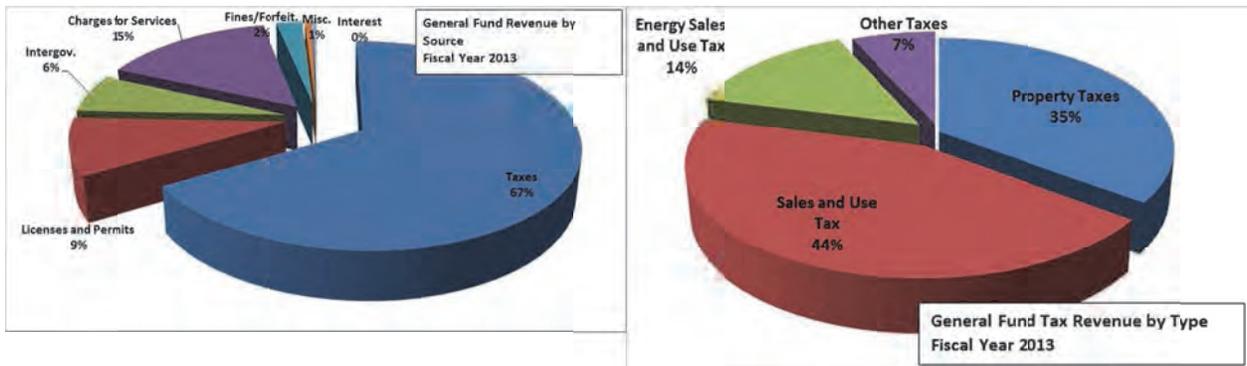
Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure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

As of June 30, 2013, The City's governmental funds (General, Capital Projects, Debt Service, RDA, and nonmajor funds) reported combined fund balances of \$44,648,662. This represents an increase of \$11,190,807 from last year's ending balances. \$5,988,567 (13.4 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 \$29,467,911 (66.0 percent), meaning the City intends to use this amount for specific purposes (debt service, redevelopment agency (RDA), capital projects, storm drain projects, fitness center, municipal building authority (MBA), perpetual care, risk management, employee educational assistance & recognition). *Committed* fund balance totals \$436,800, which the City intends to use for cemetery perpetual care. Fund balance of \$8,687,415 (19.5 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, and arts & cultural development. The City also has inventory (\$39,877) and long-term notes receivable (\$28,092) which are classified as *nonspendable* fund balance.

General Fund

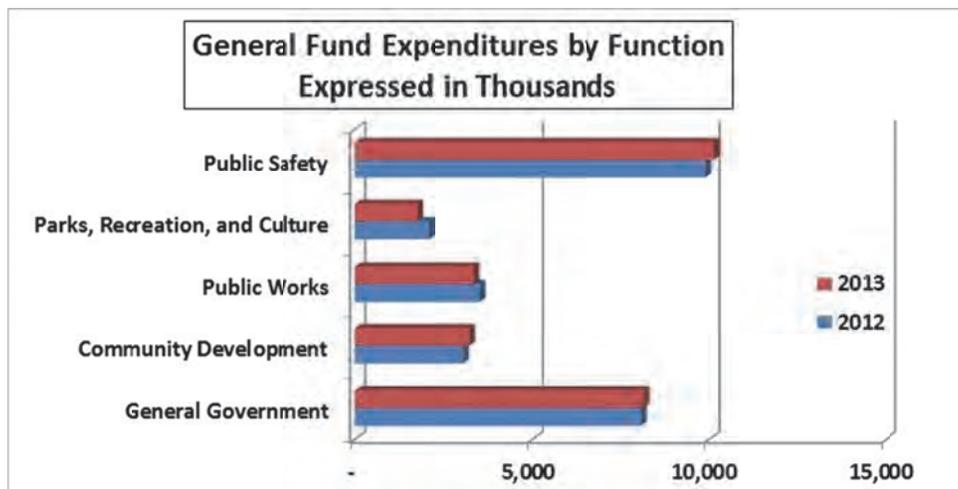
The General Fund is the chief operating fund of the City. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund. Revenues (including other financing sources & uses) exceeded expenses in the general fund by \$898,729 during the year. Unrestricted general fund balance was increased by \$800,000 during the year. A transfer of \$5,522,560 to the capital projects fund was completed to finance future capital projects.

Taxes continue to be the largest source of revenue in the General Fund and represent 66.5 percent of total general fund revenues. The largest component of tax revenue is sales tax, which represents 43.8 percent of total tax revenues and 29.2 percent of total general fund revenues. This compares with 27.9 percent of total general fund revenues in the prior fiscal year ended June 30, 2012.



General Fund expenditures remained flat, going from \$26,636,222 in 2012 to \$26,634,123 in 2013. Expenditures remained flat despite a merit wage increase from 0.85 percent to 2.55 percent (depending on years of service), 3.0 percent health insurance premium increase, and defined benefit increases ranging from 3.7 percent to 7.8 percent in 2013.

The following chart compares general fund expenditures by function between 2012 and 2013:



Other Governmental Funds

Highlights from the City's other governmental funds show indicators of a growing city and recovering local economy. During fiscal year 2013, property tax collections from redevelopment areas increased 9.5 percent to a total of \$12,301,882 during the same period. RDA fund balance increased \$2,000,162 to a total of \$12,158,156 (19.7 percent increase). Fund balance will be used for future redevelopment related housing and capital projects and to fulfill RDA project commitments.

Total payments for debt service in the debt service fund decreased from \$4,584,906 in 2012 to \$2,021,337 in 2013. This decrease is attributable to retiring the 2001 Sales Tax Revenue Bonds (\$1,560,000) and Zions Note Payable (\$103,243) early in fiscal year 2012 along with regularly scheduled debt service payments.

Fund balance in the capital projects fund increased \$6,575,325 from \$13,186,036 to \$19,761,361. Of this amount, \$6,739,684 (34.1 percent) is restricted for impact fee eligible capital projects. Assigned fund balance increased \$4,716,425 (57.0 percent) to \$12,993,585. This increase is attributable to a year-end transfer from the general fund (\$5,522,560) for future capital projects. A total of \$2,223,488 in capital projects were completed in the capital projects fund during fiscal year 2013 (excluding donated infrastructure). The City has current construction commitments of \$5,929,136 which are not expected to affect the fund resources available for future use.

Storm drain revenue was \$107,023 above expectations during fiscal year 2013 mainly due to increased residential and commercial development. In addition, capital outlay expenditures were \$827,571 below expectations. These projects will be completed in future years. These factors led to an increase in storm drain fund balance of \$1,061,587 (66.1 percent). Fund balance will be used to comply with federal storm water mandates and to improve the City's storm drain system.

Fund balance in the fitness center fund increased \$173,773 (18.5 percent) during fiscal year 2013. Charges for services exceeded expectations by \$79,577 and a \$293,645 transfer in from the Municipal Building Authority fund was used for capital project improvements. The majority of the fund balance increase will be used for future fitness center capital projects.

Fund balance in the Municipal Building Authority fund decreased \$343,560 during the fiscal year. This is due to unspent bond proceeds (\$330,475) being transferred to the Fitness Center and Mulligans fund for capital project improvements.

Enterprise Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. In summary, unrestricted net position increased from \$13,939,521 to \$15,375,732 in the water fund; increased from \$39,673 to \$92,430 in the Mulligans fund; and increased from \$3,904,658 to \$4,139,308 in the sanitation fund.

Water rates were adjusted in prior years to keep pace with the City's increased cost to purchase water and to fund capital projects. During fiscal year 2013 a water rate study was completed which determined the current rates are sufficient to cover identified projects in the March 2012 culinary water master plan. This adjustment largely accounts for the increase in water fund unrestricted net position, which will be used in future years on capital projects. During fiscal year 2013, a total of \$1,894,551 of capital assets were added (net of projects started in prior years). Water accounts receivable decreased \$350,029 during the fiscal year due to increased collection efforts and a comprehensive analysis of all inactive accounts with balances. Other factors have already been discussed in the discussion of South Jordan's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$28,083,895 to a final budget total of \$28,652,186 (2.0 percent difference). All departments monitor their budgets closely and are required to stay within their allotment. Budget adjustments made during the year can be summarized as follows:

- General Government decreased by \$138,437. The majority of this decrease was City-wide merit increases originally budgeted in the Administration budget that were transferred to other functional areas.
- Community Development increased by \$225,321, largely due to merit salary increases approved with the fiscal year 2013 budget.
- Public Works increased by \$50,419. The majority of this increase is due to merit salary increases approved with the fiscal year 2013 budget.
- Public Safety increased by \$330,447 partially due to additional part-time salaries being budgeted for additional interfacility transports, increased police officer and crossing guard salaries due to a grant from the Jordan School District, and overtime salary reimbursements.
- Parks and Recreation increased by \$100,541. The majority of this increase is due to merit salary increases approved with the fiscal year 2013 budget.

General fund budgeted revenues were amended from \$28,825,370 to \$29,271,028 (an increase of \$445,658, or 1.5 percent). Highlights of this increase include:

- Building permits increase of \$63,850 which was used to fund credit card processing fees.
- Increase of \$111,775 to account for grant revenue received during the year.
- Ambulance fees increase of \$81,332 to fund additional part-time salaries in the Fire department, which were needed to cover increased interfacility transport calls.

- \$75,000 of risk management revenue was budgeted to cover departmental claims & losses.
- A total of \$55,050 of Country Fest revenue was budgeted (donations, ticket sales, and other revenue).

During the year, actual revenues were greater than budgeted revenues by \$4,401,472. Actual expenditures were less than budgeted expenditures by \$2,018,063. A total of \$5,522,560 was transferred to the capital projects fund for future projects.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets - The City of South Jordan's investment in capital assets for its governmental and business-type activities as of June 30, 2013 amounts to \$342,256,589 (net of accumulated depreciation). This investment in capital assets includes land, water shares, buildings, improvements, machinery and equipment, construction in progress, and right of way. The total decrease in the City's investment in capital assets for the current year was 0.45 percent (a 0.11 percent decrease for governmental activities and a 1.1 percent decrease for business-type activities).

CITY OF SOUTH JORDAN

Capital Assets, Net of Depreciation

June 30, 2013

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
Land	\$ 57,946,016	\$ 58,086,228	\$ 12,134,910	\$ 12,134,910	\$ 70,080,926	\$ 70,221,138
Water Shares	-	-	18,961,482	18,961,482	18,961,482	18,961,482
Buildings	19,462,858	20,471,109	1,238,665	1,085,139	20,701,523	21,556,248
Improvements	131,338,086	130,659,142	83,229,725	84,795,805	214,567,811	215,454,947
Machinery and Equip.	3,581,422	3,727,561	1,220,234	1,251,994	4,801,656	4,979,555
Const. in Progress	4,106,136	3,744,413	820,099	674,323	4,926,235	4,418,736
Right of Way	8,216,956	8,216,956	-	-	8,216,956	8,216,956
Total Capital Assets	\$ 224,651,474	\$ 224,905,409	\$ 117,605,115	\$ 118,903,653	\$ 342,256,589	\$ 343,809,062

Major capital asset events during fiscal year 2013 include the following:

- \$6,173,422 in contributed infrastructure assets including \$325,045 in street lights, \$2,440,695 in donated roads, \$817,559 in curb & gutter, \$910,094 in sidewalk, \$270,840 in donated storm drain infrastructure, and \$1,409,189 in water lines.
- Upgrades to the City's culinary water system totaling \$1,795,424 (including \$264,053 in prior year projects completed during fiscal year 2013).

- During the year, the City spent almost \$2.8 million (including over \$392,000 in projects started in prior years but completed in fiscal year 2013) on projects such as construction of new and/or extension of roads, improvements to park projects, storm drain improvements, and general vehicles and equipment.
- As of June 30, 2013, the City had construction commitments of \$5,929,136 for unfinished projects.

Additional information on the City’s capital assets can be found in note 8 on page 61-62 of this report.

Long-term debt - As of June 30, 2013, the City had total long-term bonded debt outstanding of \$67,327,000. The entirety of this amount is represented by bonds secured solely by specific revenue sources. The City has no general obligation bonds outstanding.

CITY OF SOUTH JORDAN

General Obligation and Revenue Bonds (Expressed in Thousands)

June 30, 2013

	Governmental activities		Business-type activities		Total	
	2013	2012	2013	2012	2013	2012
General Obligation Bonds	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Special Assessment Debt						
With Governmental Commitment	3,144	3,705	-	-	3,144	3,705
Revenue Bonds	29,823	31,322	34,360	36,540	64,183	67,862
Total bonded debt	<u>\$ 32,967</u>	<u>\$ 35,027</u>	<u>\$ 34,360</u>	<u>\$ 36,540</u>	<u>\$ 67,327</u>	<u>\$ 71,567</u>

The City’s total bonded debt outstanding decreased by \$4,240,000 during the fiscal year (5.9 percent). This decrease is due to regularly scheduled debt service.

The City currently has no general obligation debt. The most recent bond ratings issued for South Jordan include: The Series 2008 Sales Tax Revenue Bonds, with a Standard & Poor’s rating of “AA” and a Fitch rating of “AA+”; the Series 2009 Water Revenue Bonds, with a Standard and Poor’s rating of “AA”; the Series 2011 MBA Lease Revenue Bonds, with a Standard & Poor’s rating of “AA” and a Fitch rating of “AA.” Fitch has rated the remaining sales tax revenue bonds “AA+” and assigned an implied “AAA” general obligation rating. Fitch specifically recognized the City’s strong reserves, consistently balanced financial performance, growing revenue base, and conservative financial policies.

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

\$162,634,598, 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 \$487,903,794, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt can be found in note 10 on pages 64-68 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The 2013 unemployment rate for the City of South Jordan was 4.8 percent. This compares with a national unemployment rate of 7.6 percent. The 2012 unemployment rate for the City of South Jordan was 5.8 percent. (Source: Bureau of Labor Statistics.)
- The General Fund budgeted revenues for the fiscal year ending June 30, 2014 (\$30,218,748) reflect an increase of 3.2 percent over the final budgeted revenues for the fiscal year ended June 30, 2013 (\$29,271,028). General fund expenditures in fiscal year 2014 are budgeted \$922,708 higher than fiscal year 2013. The majority of this increase is to fund a 2 percent employee merit increase along with health insurance and defined benefit rate increases. The City is cautiously optimistic of an improving economy, but remains fiscally conservative.
- Minor fee schedule changes were approved for fiscal year 2014. These increases were necessary to cover the actual cost of providing services. No property tax or utility fee increases were proposed or approved.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of South Jordan'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 South Jordan, Finance Department, 1600 West Towne Center Drive, South Jordan, UT 84095 or call (801) 254-3742, or e-mail kmaurer@sjc.utah.gov.



Basic Financial Statements

Government-Wide Financial Statements

CITY OF SOUTH JORDAN
Statement of Net Position
June 30, 2013

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 44,163,491	\$ 20,546,054	\$ 64,709,545
Restricted Cash	1,935,869	3,333,393	5,269,262
Receivables	29,919,579	2,938,621	32,858,200
Internal Balances	37,456	(37,456)	-
Inventories	39,877	44,042	83,919
Other Assets	-	2,616,087	2,616,087
Capital Assets Net of Depreciation:			
Land	57,946,016	12,134,910	70,080,926
Water Shares	-	18,961,482	18,961,482
Buildings	19,462,858	1,238,665	20,701,523
Improvements	131,338,086	83,229,725	214,567,811
Machinery and Equipment	3,581,422	1,220,234	4,801,656
Construction in Progress	4,106,136	820,099	4,926,235
Right of Way	8,216,956	-	8,216,956
Total Assets	<u>300,747,746</u>	<u>147,045,856</u>	<u>447,793,602</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	576,987	635,888	1,212,875
Total Deferred Outflows of Resources	<u>576,987</u>	<u>635,888</u>	<u>1,212,875</u>
LIABILITIES			
Accounts Payable	1,491,341	1,465,975	2,957,316
Other Liabilities	3,170,865	176,667	3,347,532
Accrued Interest Payable	480,688	284,900	765,588
Long-term Liabilities			
Due Within One Year	3,792,901	2,349,186	6,142,087
Due in More Than One Year	32,368,099	32,913,719	65,281,818
Total Liabilities	<u>41,303,894</u>	<u>37,190,447</u>	<u>78,494,341</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	23,283,278	-	23,283,278
Total Deferred Inflows of Resources	<u>23,283,278</u>	<u>-</u>	<u>23,283,278</u>
NET POSITION			
Invested in Capital Assets, Net of Related Debt	190,745,605	83,077,861	273,823,466
Restricted For:			
Capital Improvements	6,798,811	4,472,573	11,271,384
Debt Service	1,876,742	3,333,393	5,210,135
Arts and Cultural Development	7,791	-	7,791
Public Safety	4,071	-	4,071
Perpetual Care			
Expendable	195,944	-	195,944
Non-Expendable	436,800	-	436,800
Unrestricted	36,671,797	19,607,470	56,279,267
Total Net Position	<u>\$ 236,737,561</u>	<u>\$ 110,491,297</u>	<u>\$ 347,228,858</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SOUTH JORDAN
Statement of Activities

For the Year Ended June 30, 2013

	Program Revenues					Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
			Operating Grants and Contributions	Capital Grants and Contributions				
Functions/Programs:								
Primary Government								
Governmental:								
General Government	\$ 17,389,131	\$ 4,191,264	\$ 17,500	\$ -	\$ (13,180,367)	\$ -	\$ (13,180,367)	
Community Development	3,291,558	3,770,162	120,000	-	598,604	-	598,604	
Public Works	10,800,864	6,333,077	2,180,228	4,764,233	2,476,674	-	2,476,674	
Public Safety	10,592,624	1,350,973	221,486	-	(9,020,165)	-	(9,020,165)	
Parks, Recreation, and Culture	4,432,215	1,929,378	21,377	-	(2,481,460)	-	(2,481,460)	
Interest on Long-Term Debt	1,446,215	-	-	-	(1,446,215)	-	(1,446,215)	
Total Governmental Activities	47,952,607	17,574,854	2,560,591	4,764,233	(23,052,929)	-	(23,052,929)	
Business-Type:								
Water	14,665,809	17,058,838	-	2,955,905	-	5,348,934	5,348,934	
Sanitation	2,737,800	2,899,907	-	-	-	162,107	162,107	
Mulligan's	1,076,915	1,229,420	-	-	-	152,505	152,505	
Total Business-Type Activities	18,480,524	21,188,165	-	2,955,905	-	5,663,546	5,663,546	
Total Primary Government	66,433,131	38,763,019	2,560,591	7,720,138	(23,052,929)	5,663,546	(17,389,383)	
General Revenues:								
Property Taxes					21,559,693	-	21,559,693	
Sales and Use Tax					9,815,735	-	9,815,735	
Energy Sales and Use Tax					3,181,151	-	3,181,151	
Other Taxes					14,546	-	14,546	
Gain on Disposition of Capital Assets					89,002	-	89,002	
Unrestricted Investment Earnings					233,224	-	233,224	
Transfers					(99,295)	99,295	-	
Total General Revenues and Transfers					34,794,056	99,295	34,893,351	
Change in Net Position					11,741,127	5,762,841	17,503,968	
Net Position - Beginning, as Previously Reported					225,524,496	105,381,437	330,905,933	
Adjustment to Net Deferred Bond Issuance Costs (Note 4)					(528,062)	(652,981)	(1,181,043)	
Net Position - Beginning, as Adjusted					224,996,434	104,728,456	329,724,890	
Net Position - Ending					\$ 236,737,561	\$ 110,491,297	\$ 347,228,858	

The notes to the basic financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

General Fund

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources and payment of bond principal and interest from governmental resources and special assessment bond principal and interest from special assessment levies when the government is obligated in some manner for the payment.

Redevelopment Agency (RDA)

The RDA fund is used to account for the activities of the Redevelopment Agency. The Agency is an entity established to further public purpose in the redevelopment of particular City areas.

Capital Projects Fund

The capital projects fund is used to account for the construction of budgeted capital projects of the City. Impact fees, intergovernmental grants, transfers from the general fund, and interest earnings are the principal sources of funding for these projects.

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 80.



CITY OF SOUTH JORDAN

Balance Sheet

Governmental Funds

June 30, 2013

	General	Debt Service	RDA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 7,437,805	\$ 258,974	\$ 11,863,536	\$ 20,059,924	\$ 4,543,252	\$ 44,163,491
Restricted for Debt Service	-	1,570,157	301,305	-	64,407	1,935,869
Receivables	10,877,511	3,144,000	15,579,972	26,690	291,406	29,919,579
Inventories	39,877	-	-	-	-	39,877
Due From Other Funds	-	-	-	37,456	10,303	47,759
Total Assets	<u>\$ 18,355,193</u>	<u>\$ 4,973,131</u>	<u>\$ 27,744,813</u>	<u>\$ 20,124,070</u>	<u>\$ 4,909,368</u>	<u>\$ 76,106,575</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities	995,197	-	6,685	362,709	126,750	1,491,341
Construction Bonds and Refunds	3,170,865	-	-	-	-	3,170,865
Due to Other Funds	-	-	-	-	10,303	10,303
Total Liabilities	<u>4,166,062</u>	<u>-</u>	<u>6,685</u>	<u>362,709</u>	<u>137,053</u>	<u>4,672,509</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	8,061,432	-	15,579,972	-	-	23,641,404
Unavailable Revenue - Special Assessments	-	3,144,000	-	-	-	3,144,000
	<u>8,061,432</u>	<u>3,144,000</u>	<u>15,579,972</u>	<u>-</u>	<u>-</u>	<u>26,785,404</u>
FUND BALANCES						
Nonspendable	39,877	-	-	28,092	-	67,969
Restricted	11,862	1,570,157	301,305	6,739,684	64,407	8,687,415
Committed	-	-	-	-	436,800	436,800
Assigned	87,393	258,974	11,856,851	12,993,585	4,271,108	29,467,911
Unassigned	5,988,567	-	-	-	-	5,988,567
Total Fund Balances	<u>6,127,699</u>	<u>1,829,131</u>	<u>12,158,156</u>	<u>19,761,361</u>	<u>4,772,315</u>	<u>44,648,662</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,355,193</u>	<u>\$ 4,973,131</u>	<u>\$ 27,744,813</u>	<u>\$ 20,124,070</u>	<u>\$ 4,909,368</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources.	224,651,474
Other long-term assets are not available to pay for current-period expenditures.	3,502,121
Long-term liabilities, including bonds payable, are not due and payable in the current period.	(36,064,696)
Net assets of governmental activities	<u>\$ 236,737,561</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SOUTH JORDAN

Statement of Revenues, Expenditures, and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2013

	General	Debt Service	RDA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 22,407,841	\$ -	\$ 12,301,882	\$ -	\$ -	\$ 34,709,723
Licenses and Permits	3,062,607	-	-	-	-	3,062,607
Intergovernmental	2,036,303	-	-	404,288	120,000	2,560,591
Charges for Services	5,074,340	-	-	-	3,809,515	8,883,855
Fines and Forfeitures	769,367	-	-	-	-	769,367
Special Assessments	-	728,319	-	-	-	728,319
Interest	112,020	9,736	61,589	33,740	16,139	233,224
Impact Fees	-	-	-	3,845,738	-	3,845,738
Miscellaneous	210,022	157,027	-	419,103	59,816	845,968
Total Revenues	<u>33,672,500</u>	<u>895,082</u>	<u>12,363,471</u>	<u>4,702,869</u>	<u>4,005,470</u>	<u>55,639,392</u>
EXPENDITURES						
Current						
General Government	8,164,613	21,350	799,058	138,824	-	9,123,845
Community Development	3,233,241	-	-	-	38,859	3,272,100
Public Works	3,347,241	-	-	539,379	940,061	4,826,681
Public Safety	10,138,529	-	-	64,110	-	10,202,639
Parks, Recreation, and Culture	1,750,499	-	-	107,297	1,454,556	3,312,352
Tax Increment Distributions	-	-	6,997,878	-	-	6,997,878
Capital Outlay and Projects	-	-	151,417	2,585,211	489,549	3,226,177
Debt Service						
Principal	-	1,135,736	859,000	-	155,000	2,149,736
Interest and Fees	-	885,601	347,974	-	290,826	1,524,401
Total Expenditures	<u>26,634,123</u>	<u>2,042,687</u>	<u>9,155,327</u>	<u>3,434,821</u>	<u>3,368,851</u>	<u>44,635,809</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>7,038,377</u>	<u>(1,147,605)</u>	<u>3,208,144</u>	<u>1,268,048</u>	<u>636,619</u>	<u>11,003,583</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	134,568	1,931,796	-	6,252,918	801,492	9,120,774
Transfers Out	(6,290,853)	-	(1,207,982)	(1,207,835)	(513,399)	(9,220,069)
Sale of Capital Assets	16,637	-	-	262,194	7,688	286,519
Total Other Financing Sources (Uses)	<u>(6,139,648)</u>	<u>1,931,796</u>	<u>(1,207,982)</u>	<u>5,307,277</u>	<u>295,781</u>	<u>187,224</u>
Net Change in Fund Balances	898,729	784,191	2,000,162	6,575,325	932,400	11,190,807
Fund Balances - July 1	5,228,970	1,044,940	10,157,994	13,186,036	3,839,915	33,457,855
Fund Balances - June 30	<u>\$ 6,127,699</u>	<u>\$ 1,829,131</u>	<u>\$ 12,158,156</u>	<u>\$ 19,761,361</u>	<u>\$ 4,772,315</u>	<u>\$ 44,648,662</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SOUTH JORDAN
Reconciliation of The Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
For the Year Ended June 30, 2013

Amounts reported for governmental activities in the statement of activities are different because:

Net Change in Fund Balance -- Total Governmental Funds	\$ 11,190,807
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 as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(4,820,652)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.	4,566,716
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(699,598)
Bond proceeds and capital leases provide current financial resources to governmental funds by issuing debt which increases long-term liabilities in the statement of net position. Repayments of bond and capital lease principal are expenditures in the governmental funds, but reduce liabilities in the statement of net position.	1,451,486
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>52,368</u>
Change in net position of governmental activities	<u><u>\$ 11,741,127</u></u>

The notes to the basic financial statements are an integral part of this statement.

**PROPRIETARY FUND
FINANCIAL STATEMENTS**

MAJOR FUNDS

Water Fund

The water fund is used to account for the activities of the City’s water operations.

Mulligans

The Mulligans fund is used to account for the operation of Mulligan’s Golf & Games. This City recreation facility includes golf, miniature golf, a driving range, and batting cages.

NONMAJOR FUNDS

Sanitation Fund

The sanitation fund is used to account for the activities of the City’s sanitation operations.



CITY OF SOUTH JORDAN
Statement of Net Position
Proprietary Funds
June 30, 2013

	Business-type Activities - Enterprise Funds			
	Major		Nonmajor	Total
	Water Fund	Mulligans Fund	Sanitation Fund	
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 18,988,996	\$ 224,160	\$ 1,332,898	\$ 20,546,054
Accounts Receivable Net of Allowance	2,567,134	15,706	355,781	2,938,621
Inventories	32,775	11,267	-	44,042
Total Current Assets	21,588,905	251,133	1,688,679	23,528,717
Noncurrent Assets				
Restricted Cash	2,609,362	724,031	-	3,333,393
Investment in Landfill	-	-	2,616,087	2,616,087
Capital Assets				
Land	2,117,963	10,016,947	-	12,134,910
Water Shares	18,961,482	-	-	18,961,482
Buildings and Structures	1,493,756	699,800	-	2,193,556
Improvements - Other than Buildings	110,657,889	357,798	-	111,015,687
Machinery and Equipment	1,780,485	313,543	1,237,835	3,331,863
Construction in Progress	820,099	-	-	820,099
Less Accumulated Depreciation	(29,397,875)	(831,516)	(623,091)	(30,852,482)
Capital Assets (Net of Accum Depreciation)	106,433,799	10,556,572	614,744	117,605,115
Total Noncurrent Assets	109,043,161	11,280,603	3,230,831	123,554,595
Total Assets	130,632,066	11,531,736	4,919,510	147,083,312
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charge on Refunding	635,888	-	-	635,888
Total Deferred Outflows of Resources	635,888	-	-	635,888
LIABILITIES				
Current Liabilities				
Accounts Payable	1,281,457	24,825	159,693	1,465,975
Accrued Liabilities	119,958	23,173	3,072	146,203
Interest Payable	229,691	55,209	-	284,900
Construction Bonds and Refunds	30,464	-	-	30,464
Compensated Absences	53,002	13,491	2,693	69,186
Bonds Payable	2,050,000	230,000	-	2,280,000
Interfund Payable	-	9,364	-	9,364
Total Current Liabilities	3,764,572	356,062	165,458	4,286,092
Noncurrent Liabilities				
Compensated Absences	26,028	4,549	-	30,577
Bonds and Leases Payable	27,943,310	4,939,832	-	32,883,142
Interfund Payable	-	28,092	-	28,092
Total Noncurrent Liabilities	27,969,338	4,972,473	-	32,941,811
Total Liabilities	31,733,910	5,328,535	165,458	37,227,903
NET POSITION				
Investment in Capital Assets, Net of Related Debt	77,076,377	5,386,740	614,744	83,077,861
Restricted for:				
Capital Improvements	4,472,573	-	-	4,472,573
Debt Service	2,609,362	724,031	-	3,333,393
Unrestricted	15,375,732	92,430	4,139,308	19,607,470
Total Net Position	\$ 99,534,044	\$ 6,203,201	\$ 4,754,052	\$ 110,491,297

The notes to the basic financial statements are an integral part of this statement.

CITY OF SOUTH JORDAN

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Funds

For the Year Ended June 30, 2013

	Business-type Activities - Enterprise Funds			Total
	Major		Nonmajor	
	Water Fund	Mulligans Fund	Sanitation Fund	
OPERATING REVENUES				
Charges for Services				
Operations	\$ 546,515	\$ 1,219,431	\$ 2,799,787	\$ 4,565,733
Pledged as Security for Revenue Bonds	16,391,308	-	-	16,391,308
Miscellaneous	6,636	9,989	1,740	18,365
Total Operating Revenues	<u>16,944,459</u>	<u>1,229,420</u>	<u>2,801,527</u>	<u>20,975,406</u>
OPERATING EXPENSES				
Costs of Services	8,675,192	793,688	2,372,289	11,841,169
General and Administrative	1,222,787	-	282,765	1,505,552
Depreciation	3,490,452	57,093	82,746	3,630,291
Total Operating Expenses	<u>13,388,431</u>	<u>850,781</u>	<u>2,737,800</u>	<u>16,977,012</u>
Operating Income	<u>3,556,028</u>	<u>378,639</u>	<u>63,727</u>	<u>3,998,394</u>
NON-OPERATING REVENUES (EXPENSES)				
Increase in Joint Venture	-	-	92,277	92,277
Interest	114,379	-	6,103	120,482
Gain on Sale of Capital Assets	45,404	-	-	45,404
Interest and Fees	(1,322,782)	(226,134)	-	(1,548,916)
Total Non-Operating Revenue (Expenses)	<u>(1,162,999)</u>	<u>(226,134)</u>	<u>98,380</u>	<u>(1,290,753)</u>
Income Before Contributions and Transfers	<u>2,393,029</u>	<u>152,505</u>	<u>162,107</u>	<u>2,707,641</u>
CONTRIBUTIONS AND TRANSFERS				
Capital Contributions, Impact Fees and Other	2,955,905	-	-	2,955,905
Transfers In	-	104,204	-	104,204
Transfers Out	(4,168)	(469)	(272)	(4,909)
Total Contributions and Transfers	<u>2,951,737</u>	<u>103,735</u>	<u>(272)</u>	<u>3,055,200</u>
Change in Net Position	<u>5,344,766</u>	<u>256,240</u>	<u>161,835</u>	<u>5,762,841</u>
Net Position - Beginning, as Previously Reported	94,642,400	6,146,818	4,592,219	105,381,437
Adjustment to Net Deferred Bond Issuance Costs (Note 4)	(453,124)	(199,857)	-	(652,981)
Net Position - Beginning, as Adjusted	<u>94,189,276</u>	<u>5,946,961</u>	<u>4,592,219</u>	<u>104,728,456</u>
Net Position - Ending	<u>\$ 99,534,042</u>	<u>\$ 6,203,201</u>	<u>\$ 4,754,054</u>	<u>\$ 110,491,297</u>

The notes to the basic financial statements are an integral part of this statement.

CITY OF SOUTH JORDAN

Statement of Cash Flows

Proprietary Funds

For The Year Ended June 30, 2013

	Business-Type Activities - Enterprise Funds			
	Major		Nonmajor	Totals
	Water Fund	Mulligans	Sanitation Fund	
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Customers and Users	\$ 17,381,654	\$ 1,231,104	\$ 2,810,884	\$ 21,423,642
Payments to Suppliers	(7,496,646)	(308,455)	(2,519,670)	(10,324,771)
Interfund Services	(1,222,787)	-	(282,765)	(1,505,552)
Payments to Employees	(1,178,771)	(488,304)	(107,613)	(1,774,688)
Net Cash Provided (Used) by Operating Activities	7,483,450	434,345	(99,164)	7,818,631
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers In	-	104,204	-	104,204
Transfers Out	(4,168)	(469)	(272)	(4,909)
Net Cash Provided (Used) by Noncapital Financing Activities	(4,168)	103,735	(272)	99,295
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Impact Fees	1,546,716	-	-	1,546,716
Purchase of Capital Assets	(895,192)	(36,830)	(9,928)	(941,950)
Principal Paid on Capital Debt	(1,960,000)	(229,364)	-	(2,189,364)
Interest Paid on Capital Debt	(1,379,948)	(232,073)	-	(1,612,021)
Proceeds From Sale of Capital Assets	64,791	-	-	64,791
Net Cash Used by Capital and Related Financing Activities	(2,623,633)	(498,267)	(9,928)	(3,131,828)
CASH FLOW FROM INVESTING ACTIVITIES				
Interest Income	114,381	-	6,103	120,484
Net Increase (Decrease) in Cash and Cash Equivalents	4,970,030	39,813	(103,261)	4,906,582
Cash and Cash Equivalents - Beginning of Year	16,628,328	908,378	1,436,159	18,972,865
Cash and Cash Equivalents - End of Year	\$ 21,598,358	\$ 948,191	\$ 1,332,898	\$ 23,879,447
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:				
Operating Income	\$ 3,556,028	\$ 378,639	\$ 63,727	\$ 3,998,394
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	3,490,452	57,093	82,746	3,630,291
(Increase) Decrease in Receivables	350,032	-	9,355	359,387
(Increase) Decrease in Inventory	(98)	1,589	-	1,491
Increase (Decrease) in Accounts Payable	(23,257)	(1,955)	(256,503)	(281,715)
Increase (Decrease) in Accrued Liabilities	96,640	4,556	1,082	102,278
Increase (Decrease) in Accrued Vacation and Sick Leave	13,653	(5,577)	429	8,505
Total Adjustments	3,927,422	55,706	(162,891)	3,820,237
Net Cash Provided (Used) by Operating Activities	\$ 7,483,450	\$ 434,345	\$ (99,164)	\$ 7,818,631
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets From Developers	\$ 1,409,189	\$ -	\$ -	\$ 1,409,189
Increase (Decrease) in Equity Investment in Trans-Jordan Landfill	-	-	92,277	92,277

The notes to the basic financial statements are an integral part of this statement.

Notes to the Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of South Jordan (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

The City of South Jordan was incorporated on November 8, 1935, under laws of the state of Utah. Under the present form of government, administrative and legislative powers are vested in a governing body, consisting of the Mayor and a five-member City Council. They are assisted by a City Manager, who also is the City's budget officer. The Director of Finance is currently responsible for the financial matters of the City, including money management, accounts payable, financial statements, and accounts receivable.

The City provides the following services as mandated by law: Public Safety, Judicial Services, Highways and Streets, Sanitation, Parks, Cemetery, Water, Public Improvements, Planning and Zoning, and General Administrative Services.

The Comprehensive Annual Financial Report of the City includes the financial statements for all activities of the City based upon the criteria set forth in Governmental Accounting Standards Board (GASB) statement 14. The primary criterion for including a board or 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 and 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 Municipal Building Authority was created by the City during fiscal year 1995 and is governed by the City's Mayor and Council. The authority uses the proceeds of its tax-exempt bonds to finance the construction or acquisition of general capital assets for the City. The bonds are secured by a lease agreement with the City and will be retired through lease payments from the City. The financial statements of the Municipal

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

Building Authority are included in the accompanying financial statements as a blended component unit.

The Redevelopment Agency is governed by a separate governing board, who are the City's Mayor and Council. The financial statements of the Redevelopment Agency are included in the accompanying financial statements as a blended component unit.

The Municipal Building Authority and the Redevelopment Agency are considered blended component units since the governing board in each case is the same governing board of the City.

The Municipal Building Authority is presented as a debt service fund and the Redevelopment Agency is presented as a special revenue fund in the financial statements.

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

City of South Jordan Municipal Building Authority
1600 West Towne Center Drive
South Jordan City, Utah 84095

City of South Jordan Redevelopment Agency
1600 West Towne Center Drive
South Jordan City, Utah 84095

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 of the 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 is offset by program revenues. Direct expenses are those that

are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase 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, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. 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 collectible within the current period or soon enough 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 *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

The *Redevelopment Agency Special Revenue Fund* accounts for the activities of the agency, a blended component unit of the City. The agency is an entity established to further public purpose in the redevelopment of particular City areas.

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).

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the City's water operations.

The *Mulligans Fund* accounts for the activities of the recreation facility.

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.

Permanent Funds accounts for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's program.

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.

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.

Investments consist of amounts deposited with Utah Public Treasurers' Investment Fund, treasury bills of the U.S. Government, money market funds, and various investment securities. Investments are stated at fair value, which approximates cost.

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".

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.

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.

Restricted net position represents resources that are subject to external restrictions on how they may be used. Of the \$17,126,125 reported as restricted net position in the

statement of net position, \$11,212,257 is restricted due to enabling legislation (\$4,472,573 governmental activities and \$6,739,684 business-type activities).

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 \$5,000 (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 are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the functionality of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized cost of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Buildings and structures	30-50
Improvements other than buildings	20-50
Infrastructure	30-50
Machinery and equipment	5-10
Furniture and fixtures	5-10

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This financial statement element represents a consumption of net position 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 one item that qualifies for reporting in this category, a deferred charge on refunding reported in the government-wide 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.

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 position 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, *unavailable 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, while the governmental funds balance sheet also reports unavailable revenue due to special assessments. 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. They are allowed to carry forward into the next calendar year accrued vacation up to 320 hours (number of hours carried forward depends on years of service and hire date) and all 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, but forfeits any accumulated sick leave.

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. For governmental funds, any compensated absence liability has typically been liquidated by the general fund.

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 financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the 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 debt proceeds received, are reported as debt service expenditures.

10. Fund Balance

Beginning with fiscal year 2011, the City implemented GASB Statement 54, *Fund Balance Reporting in Governmental Fund Types Definitions*. 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 them. The City first determines and reports non-spendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category 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 inventory and long-term receivables.

- **Restricted.** This category 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, unspent bond proceeds, and grant revenue.
- **Committed.** This category 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. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The committed fund balance includes amounts for cemetery perpetual care.
- **Assigned.** This category includes governmental fund balance amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the City's administration comprised of the City's leadership council. This category also includes the remaining positive fund balance for other governmental funds. The City has assigned the following: Risk management training programs, employee education assistance, employee recognition, debt service, redevelopment, capital projects, storm drains, fitness center, debt service, and perpetual care.
- **Unassigned.** Residual balances in the general fund are classified as unassigned.

When an expenditure is incurred for which amounts from 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 does not have a formal minimum fund balance policy. The City adheres to Utah Code § 10-6-116(4) which requires a minimum fund balance of 5 percent of total revenues to be maintained in the general fund. For fiscal year 2013, this amount is \$1,683,625.

Below is fund balance detail for each category of fund balances in the governmental funds:

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FUND BALANCES	General	Debt Service	RDA	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	39,877	-	-	-	-	39,877
Long-term Note Receivable	-	-	-	28,092	-	28,092
Restricted						
Debt Service	-	1,570,157	301,305	-	5,280	1,876,742
Impact Fees	-	-	-	6,739,684	-	6,739,684
Capital Projects	-	-	-	-	59,127	59,127
Arts and Cultural Development	7,791	-	-	-	-	7,791
Public Safety	4,071	-	-	-	-	4,071
Committed	-	-	-	-	436,800	436,800
Assigned						
Risk Management	16,000	-	-	-	-	16,000
Employee Education Assistance	11,393	-	-	-	-	11,393
Employee Recognition	60,000	-	-	-	-	60,000
Debt Service	-	258,974	-	-	-	258,974
RDA	-	-	11,856,851	-	-	11,856,851
Capital Projects	-	-	-	12,993,585	-	12,993,585
Storm Drain Projects	-	-	-	-	2,667,129	2,667,129
Fitness Center	-	-	-	-	1,111,126	1,111,126
MBA	-	-	-	-	296,909	296,909
Perpetual Care	-	-	-	-	195,944	195,944
Unassigned	5,988,567	-	-	-	-	5,988,567
Total Fund Balances	\$ 6,127,699	\$ 1,829,131	\$ 12,158,156	\$ 19,761,361	\$ 4,772,315	\$ 44,648,662

11. Use of Estimates

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

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.

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.

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Capital related items:

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of these assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$310,980,839
Accumulated depreciation	<u>(86,329,365)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$224,651,474</u>

Long-term debt transactions:

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities in the fund statements. All liabilities (both current and long-term) are reported in the statement of net position.

Bonds payable	\$ 32,967,000
Deferred refunding bond reacquisition costs (to be amortized over life of original debt)	(576,986)
Bond premium (to be amortized to interest income)	231,215
Accrued interest payable	480,683
Capital lease payable	189,794
Compensated absences	1,622,806
Claims and judgments	<u>1,150,184</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$ 36,064,696</u>

CITY OF SOUTH JORDAN
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Long Term Assets:

Long term assets applicable to the City’s governmental activities which are not available to pay expenses of the current period are deferred in the fund statements. However in the statement of net position, the charges were reported as revenue when earned.

Special assessments	\$ 3,144,000
Delinquent property taxes	<u>358,121</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 3,502,121</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	\$3,143,514
Depreciation expense	<u>(7,964,166)</u>
Net adjustment 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>(\$4,820,652)</u>

Another element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (*i.e.*, sales, trade-ins, and donations) is to increase net position.”

In the statement of activities, only the <i>gain</i> on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of the capital assets sold.	(\$ 197,517)
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CITY OF SOUTH JORDAN
Notes to the Financial Statements
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Capital assets donated by outside parties are recorded as revenues in the statement of activities, thus net position increases by the value of the donated assets 4,764,233

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$4,566,716

Another element of that reconciliation states that revenues in the statement of activities that do not provide current financial resources are not reported as revenues and are shown as a deferred inflow of resources in the funds.

However, in the statement of activities revenue is reported when earned. Thus, the change is to reduce revenue by the amount of the previously reported revenue and to increase revenue by the amount of accrued revenue.

Special assessments	(\$ 561,000)
Delinquent property taxes	<u>(138,598)</u>
Net adjustments	<u>(\$ 699,598)</u>

Another element of that reconciliation states “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds”. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt issued or incurred:	
Claims and judgments	(\$ 771,518)
Deferred refunding costs amortization	<u>(49,133)</u>
Total debt incurred	<u>(820,651)</u>

Principal payments	
Capital leases	\$ 89,736
MBA revenue bonds	155,000
Sales tax refunding bonds	50,000
Special assessment refunding bonds	561,000
Redevelopment Agency bonds	859,000
Sales tax bonds	435,000

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Notes payable	100,968
Bond premium amortization	<u>21,433</u>
Total principal payments	<u>\$2,272,137</u>
Net adjustments 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>\$1,451,486</u>

Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated absences	(\$ 53,517)
Accrued interest	<u>105,885</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>\$ 52,368</u>

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 adopted budget, they are not a valid or enforceable claim against the City. Budgets are adopted on a basis consistent with generally accepted accounting principles. 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:

- A. On or before the first regularly scheduled meeting of the City Council in May, the City manager, authorized under state statute to be the appointed budget officer, submits a proposed operation budget. The operating budget includes 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 in the local newspaper 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 22nd, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1st.
- D. Control of budgeted expenditures is exercised, under state law, at the departmental level. The City manager, however, acting as budget officer, 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.
- G. Encumbrances lapse at year end. Encumbered amounts 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.

NOTE 4 – RESTATEMENT OF NET POSITION

Change in Accounting Principle

The City adopted the provisions of GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, effective July 1, 2012. Statement 65 requires that debt issuance costs be recognized as an expense in the period incurred. Previously, debt issuance costs were capitalized and amortized over the life of the related debt. As a result of the adoption of this Statement, an adjustment to beginning net position was necessary to remove net deferred bond issuance costs from the balance sheet at July 1, 2012:

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	<u>Governmental Activities</u>
Net Position – Beginning of year (as previous reported)	\$225,524,496
Adjustment to net deferred bond issuance costs	<u>(528,062)</u>
Net Position – Beginning of year (as restated)	<u>\$224,996,434</u>
	<u>Business-Type Activities</u>
Net Position – Beginning of year (as previously reported)	\$105,381,437
Adjustment to net deferred bond issuance costs	<u>(652,981)</u>
Net Position – Beginning of Year (as Restated)	<u>\$104,728,456</u>

NOTE 5 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2013, the City’s cash balance consisted of the following:

	<u>Total Cash from All Fund Types</u>
Cash, Cash Equivalents, and Temporary Cash Investments	\$69,346,063
Cash and Cash Equivalents – Permanent Fund	<u>632,744</u>
Total Cash and Cash Equivalents	<u>\$69,978,807</u>

While the City’s carrying amount of deposits was \$69,331,599 the balance in the City’s bank account and cash on hand was \$70,643,370, with the difference being 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 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

CITY OF SOUTH JORDAN
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rules of the Utah Money Management Council. As June 30, 2013, the deposits are as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2013</u>
Checking and Cash on Hand	Insured	\$ 23,431
Investment Sweep	Insured	19,356
Investment Sweep	Uninsured and Uncollateralized	4,609,039
Total Deposits		<u>\$ 4,651,826</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 does not have a formal policy for custodial credit risk of investments. The entire \$65,326,982 of the City's various investments are uninsured, unregistered, and held by the counterparty's trust department but not in the City's name and are 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 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, one of which must be Moody's investor Service or Standard and Poor's; bankers acceptances; obligations of the US treasury and U.S. government sponsored enterprise; bonds and notes of political subdivisions of the state of Utah; 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 is authorized to invest 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 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

CITY OF SOUTH JORDAN
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basis. The income, gains, and losses, net of 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, 2013:

Investments	Investment Maturities (in Years)				Quality Ratings
	Less Than 1	1-5	6-10	More Than 10	
Collateralized Money					
Market	\$ 631,013	\$ -	\$ -	\$ -	AAA
Utah Public Treasurer's					
Investment Fund	46,662,123	-	-	-	Unrated
U.S. Agencies	651,692	3,926,115	499,698	-	AA+
State/Municipal Agencies	-	792,996	-	-	A to AA+
Corporate Notes	7,437,640	4,725,707	-	-	A to AAA
Total Investments	<u>\$ 55,382,467</u>	<u>\$ 9,444,817</u>	<u>\$ 499,698</u>	<u>\$ -</u>	

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 disclosure to declines in fair value by adhering to the Money Management 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 of commercial paper to 270 days and fixed rate negotiable deposits and corporate obligations to 365 days or less. The City has not invested in commercial paper during 2013. Maturities of the City's investments are noted above.

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 to limit this risk is to adhere to the rules of the Money Management Council. The Council's rule 17 limits investments in a single issuer of commercial paper and corporate obligations to between 5 and 10 percent depending on the total dollar amount held in the City's portfolio at the time of purchase.

Of the City's investments none are more than 6 percent of the portfolio in one particular issuer. Therefore, the City is within the limits established by the Council's rule 17.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
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NOTE 6 – RECEIVABLES

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

	General	Debt Service	RDA	Construction	Water	Sanitation	Mulligans	Nonmajor Governmental	Total
Receivables:									
Accounts	\$ 34,890	\$ -	\$ -	\$ 25,053	\$2,533,756	\$360,658	\$15,706	\$ 280,413	\$ 3,250,476
Property Tax	8,192,950	-	15,579,972	-	-	-	-	-	23,772,922
Other Taxes	2,231,054	-	-	-	-	-	-	-	2,231,054
Special									
Assessments	-	3,144,000	-	-	61,948	-	-	-	3,205,948
Intergovernmental	418,616	-	-	1,637	-	-	-	15,080	435,333
Less: Allowance for Uncollectible Accounts	-	-	-	-	(28,571)	(4,876)	-	(4,086)	(37,533)
	<u>\$10,877,510</u>	<u>\$3,144,000</u>	<u>\$15,579,972</u>	<u>\$ 26,690</u>	<u>\$2,567,133</u>	<u>\$355,782</u>	<u>\$15,706</u>	<u>\$ 291,407</u>	<u>\$32,858,200</u>

NOTE 7 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers:

	Transfer Out					
	General	Capital Projects	RDA	Nonmajor Govrnmtl.	Business-Type	Total
Transfer In:						
General	\$ -	\$ 110,948	\$ 19	\$ 18,692	\$ 4,909	\$ 134,568
Debt Service	71,372	1,096,887	763,537	-	-	1,931,796
Construction	6,156,060	-	-	96,858	-	6,252,918
Nonmajor Govtl.	63,421	-	444,426	293,645	-	801,492
Business-Type	-	-	-	104,204	-	104,204
Total Transfer Out	<u>\$6,290,853</u>	<u>\$1,207,835</u>	<u>\$1,207,982</u>	<u>\$ 513,399</u>	<u>\$ 4,909</u>	<u>\$9,224,978</u>

The City transferred monies between funds to support debt service payments in the debt service fund. Also, the City transferred monies to support related capital expenditures in the capital projects, Mulligans, and fitness center funds.

Interfund Receivables / Payables

During fiscal year 2012 Mulligans acquired a note with the Construction fund in the amount of \$46,820 to purchase golf carts. The note will be repaid with annual principal and interest payments through July 2016. The note carries an interest rate of 3.40 percent.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

NOTE 8 – CAPITAL ASSETS

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 58,086,228	\$ 47,675	\$ 187,887	\$ 57,946,016
Land Right of Way	8,216,956	-	-	8,216,956
Construction in Progress	3,744,413	753,943	392,220	4,106,136
Total capital assets not being depreciated	<u>70,047,597</u>	<u>801,618</u>	<u>580,107</u>	<u>70,269,108</u>
Capital assets being depreciated:				
Buildings	28,166,643	5,181	-	28,171,824
Improvements	191,831,867	6,707,730	-	198,539,597
Machinery and Equipment	13,893,774	785,438	678,902	14,000,310
Total capital assets being depreciated	<u>233,892,284</u>	<u>7,498,349</u>	<u>678,902</u>	<u>240,711,731</u>
Less accumulated depreciation for:				
Buildings	7,695,534	1,013,432	-	8,708,966
Improvements	61,172,724	6,028,787	-	67,201,511
Machinery and Equipment	10,166,214	921,946	669,272	10,418,888
Total accumulated depreciation	<u>79,034,472</u>	<u>7,964,165</u>	<u>669,272</u>	<u>86,329,365</u>
Total capital assets, being depreciated, net	<u>154,857,812</u>	<u>(465,816)</u>	<u>9,630</u>	<u>154,382,366</u>
Governmental activities capital assets, net	<u>\$ 224,905,409</u>	<u>\$ 335,802</u>	<u>\$ 589,737</u>	<u>\$ 224,651,474</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 12,134,910	\$ -	\$ -	\$ 12,134,910
Construction in Progress	674,323	409,830	264,054	820,099
Water Shares	18,961,482	-	-	18,961,482
Total capital assets not being depreciated	<u>31,770,715</u>	<u>409,830</u>	<u>264,054</u>	<u>31,916,491</u>
Capital assets being depreciated:				
Buildings	1,960,145	233,412	-	2,193,557
Improvements	109,220,265	1,795,422	-	111,015,687
Machinery and Equipment	3,359,549	176,528	204,214	3,331,863
Total capital assets being depreciated	<u>114,539,959</u>	<u>2,205,362</u>	<u>204,214</u>	<u>116,541,107</u>
Less accumulated depreciation for:				
Buildings	875,006	79,886	-	954,892
Improvements	24,424,457	3,361,505	-	27,785,962
Machinery and Equipment	2,107,554	188,900	184,825	2,111,629
Total accumulated depreciation	<u>27,407,017</u>	<u>3,630,291</u>	<u>184,825</u>	<u>30,852,483</u>
Total capital assets, being depreciated, net	<u>87,132,942</u>	<u>(1,424,929)</u>	<u>19,389</u>	<u>85,688,624</u>
Business-type activities capital assets, net	<u>\$ 118,903,657</u>	<u>\$ (1,015,099)</u>	<u>\$ 283,443</u>	<u>\$ 117,605,115</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

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

Governmental Activities:	
General Government	\$ 599,851
Community Development	3,681
Parks, Recreation, and Culture	1,062,198
Public Works	5,896,348
Public Safety	402,088
Total Depreciation Expense - Governmental Activities	<u>7,964,166</u>
Business-Type Activities:	
Water	3,490,452
Mulligans	57,093
Sanitation	82,746
Total Depreciation Expense - Business-Type Activities	<u>3,630,291</u>
Total Depreciation Expense	<u><u>\$ 11,594,457</u></u>

Construction Commitments

The City has various construction projects as of June 30, 2013 with commitments to contractors as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Park Projects	\$ 1,561,287
Storm Drain Projects	308,306
Water Projects	2,591,658
Road Projects	1,239,151
General Projects	228,734
Total	<u><u>\$ 5,929,136</u></u>

NOTE 9 - LEASE COMMITMENTS

The City during 2002 executed a new lease in the amount of \$1,428,000 payable in annual installments for 10 years. During 2003, the City executed a new lease in the amount of

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

\$567,577 payable in annual installments over 10 years. Also during 2003, the City executed a new lease in the amount of \$291,586 payable in annual installments over 6 years.

The City during 2007 executed a new lease in the amount of \$304,500 payable in annual installments for 5 years.

The City during 2008 executed a new lease in the amount of \$610,000 payable in annual installments for 5 years.

The assets acquired through capital leases are as follows:

Asset:	Governmental <u>Activities</u>
Machinery and Equipment	\$3,613,308
Less: Accumulated Amortization	<u>(2,877,190)</u>
Total	<u>\$ 736,118</u>

Amortization of capital assets purchased under capital leases is included in depreciation.

The present value of future minimum capital lease payments under these leases as of June 30, 2013:

<u>Fiscal Year</u>	<u>Governmental Amount</u>
2014	\$ 100,319
2015	<u>100,319</u>
Total Minimum Lease Payments	200,638
Less: Amounts Representing Interest	<u>(10,845)</u>
Present Value of Minimum Lease Payments	<u>\$ 189,793</u>

At June 30, 2013 the City's Capital Leases Payable Balance Consisted of the Following:

	<u>Capital Leases Payable Governmental</u>
Capital Leases Payable	\$ 189,793
Current Portion Capital Leases Payable	<u>(93,194)</u>
Long-Term Capital Leases Payable	<u>\$ 96,599</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

NOTE 10 - LONG-TERM DEBT

Bonds and notes payable at June 30, 2013, are comprised of the following:

Revenue Bonds:

2006 Sales Tax Revenue Refunding Bonds:

\$9,915,000 Sales Tax Revenue Refunding Bonds due in annual principal payments and semi-annual interest payments through August 2026 - Interest is at varying rates from 4.00% to 4.25%. \$ 9,615,000

2003 Water Revenue Bonds:

\$22,480,000 Water Revenue Bonds due in annual principal and semi-annual interest payments through March 2024 – Interest at a varying rate from 3.00% to 5.00%. Debt was partially defeased with new bond issue. 1,025,000

2007 Water Revenue and Refunding Bonds:

\$21,950,000 Water Revenue Refunding Bonds due in annual principal payments and semi-annual interest payments through November 2026 – Interest is at a varying rate from 4.00% to 5.00%. 20,275,000

2005 Municipal Building Authority Lease Revenue and Refunding Bonds:

\$9,505,000 Municipal Authority Lease Revenue Bonds due in annual principal and interest payments through February 2029 – Interest is at a varying rate from 3.00% to 4.00%. 5,110,000

2008 Redevelopment Agency Tax Increment Bonds:

\$11,242,000 Redevelopment Agency Tax Increment Bonds due in annual principal and interest payments through April 2020 – Interest is at a rate of 4.395%. 7,013,000

2008 Sales Tax Revenue Bonds:

\$8,115,000 Sales Tax Revenue Bonds due in annual principal and semi-annual interest payments through February 2024 – Interest is at a varying rate from 4.00% to 5.25%. 6,470,000

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

2009 Water Revenue Bonds:

\$10,025,000 Water Revenue Bonds due in annual principal and semi-annual interest payments through May 2024 – Interest is at rates of 4.00% to 5.00%. \$ 7,950,000

2011 Municipal Building Authority Lease Revenue and Refunding Bonds:

\$6,880,000 Municipal Building Authority Lease Revenue and Refunding Bonds due in annual principal and semi-annual interest payments through Oct 2023 – Interest is at a rate of 2.00% to 3.375%. 6,725,000

Revenue Bonds

Fiscal Year	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2014	\$ 1,927,000	\$ 1,207,037	\$ 2,280,000	\$ 1,512,171
2015	2,007,000	1,130,939	2,365,000	1,409,859
2016	2,652,000	1,036,221	2,500,000	1,293,103
2017	2,759,000	924,634	2,590,000	1,171,071
2018	2,879,000	809,739	2,755,000	1,043,546
2019-2023	12,469,000	2,285,481	15,305,000	3,207,014
2024-2028	5,130,000	339,007	6,135,000	574,343
2029	-	-	430,000	19,350
Total	\$ 29,823,000	\$ 7,733,057	\$ 34,360,000	\$ 10,230,457

Special Assessment Bond:

2007 Special Assessment Refunding Bonds:

\$5,770,000 Special Assessment Bonds due in annual principal and interest payments through November 2017 - Interest is 3.849%. 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. 3,144,000

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

Fiscal Year	Special Assessment Bond	
	<u>Governmental</u>	
	<u>Principal</u>	<u>Interest</u>
2014	\$ 582,000	\$ 121,013
2015	605,000	98,611
2016	628,000	75,325
2017	652,000	51,153
2018	<u>677,000</u>	<u>26,058</u>
Total	<u>\$3,144,000</u>	<u>\$372,160</u>

Notes Payable:

Note Payable:

\$420,000 note payable on a building purchase with annual principal and interest payments through August 2012 – interest rate of 5%.

\$ -

Note Payable:

\$1,150,185 note payable to URMMA. This payable is a result of insurance claims against the City. The additions reflect new insurance claims. The deductions represent payments made to URMMA. Payable over five years – due quarterly – This note bears no interest.

1,150,185

The future annual requirements for all outstanding bond and note obligations as of June 30, 2013, are as follows:

Fiscal Year	All Bonds and Notes		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 5,112,171	\$ 2,847,406	\$ 7,959,577
2015	5,303,697	2,643,068	7,946,765
2016	6,010,037	2,404,648	8,414,685
2017	6,231,037	2,146,859	8,377,896
2018	6,541,037	1,879,343	8,420,380
2019-2023	27,774,000	5,492,495	33,266,495
2024-2028	11,265,000	913,350	12,178,350
2029	430,000	19,350	449,350
Total	<u>\$ 68,666,979</u>	<u>\$ 18,346,519</u>	<u>\$ 87,013,497</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

During Fiscal year 2007 the City issued \$9,915,000 of Sales Tax Revenue bonds to provide resources to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments. As a result \$9,240,000 of the principal was considered to be defeased and was removed from the governmental activities column of the statement of the net position. The outstanding bond principal of \$9,240,000 was retired in 2012.

In addition, during the fiscal year 2007 the City issued \$21,950,000 of Water Revenue bonds to provide resources to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Series 2000 and Series 2003 Water Revenue Bonds. As a result \$15,990,000 of the outstanding principal from these two bonds was considered to be defeased and was removed from the business-type activities column in the statement of net position. As of the balance sheet date \$15,650,000 of the two bonds' original debt is still outstanding.

During fiscal year 2012 the City issued \$6,880,000 of Lease Revenue bonds to provide resources to purchase U.S. Government State and Local Government Series Securities that were placed in an irrevocable trust for the purpose of generating resources for future debt service payments of the Series 2002 Lease Revenue Bonds. As a result \$6,525,000 of the outstanding principal for this bond was considered to be defeased and was removed from the governmental activities column of the statement of net position. As of the balance sheet date \$6,110,000 of the bonds' original debt is still outstanding.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

Changes in Long-Term Debt

	July 1 2012	Additions	Reductions	June 30 2013	Due in One Year
Governmental Activities:					
Bonds Payable:					
2006 Sales Tax Revenue Refunding Bonds	\$ 9,665,000	\$ -	\$ 50,000	\$ 9,615,000	\$ 50,000
2007 Special Assessment Refunding Bonds	3,705,000	-	561,000	3,144,000	582,000
2008 RDA Tax Increment Bonds	7,872,000	-	859,000	7,013,000	897,000
2008 Sales Tax Revenue Bonds	6,905,000	-	435,000	6,470,000	455,000
2011 MBA Lease Revenue Refunding Bonds	6,880,000	-	155,000	6,725,000	525,000
Unamortized Bond Premium	<u>252,647</u>	<u>-</u>	<u>21,432</u>	<u>231,215</u>	
Total Bonds Payable	35,279,647	-	2,081,432	33,198,215	
Notes Payable	100,968	-	100,968	-	
Capital Lease	279,530	-	89,736	189,794	93,134
Compensated Absences	1,569,289	246,723	193,206	1,622,806	960,730
Claims and Judgments	<u>378,667</u>	<u>898,744</u>	<u>127,226</u>	<u>1,150,185</u>	<u>230,037</u>
Total Governmental Long-Term Obligations	<u>37,608,101</u>	<u>1,145,467</u>	<u>2,592,568</u>	<u>36,161,000</u>	<u>3,792,901</u>
Business-Type Activities:					
Bonds Payable:					
2003 Water Revenue Bonds	2,010,000	-	985,000	1,025,000	1,025,000
2007 Water Revenue and Refunding Bonds	20,700,000	-	425,000	20,275,000	450,000
2005 MBA Lease Revenue Refunding Bonds	5,330,000	-	220,000	5,110,000	230,000
2009 Water Revenue Bonds	8,500,000	-	550,000	7,950,000	575,000
Unamortized Bond Premium	<u>900,824</u>	<u>-</u>	<u>97,683</u>	<u>803,141</u>	
Total Bonds Payable	37,440,824	-	2,277,683	35,163,141	
Compensated Absences	<u>91,259</u>	<u>24,525</u>	<u>16,020</u>	<u>99,764</u>	<u>69,186</u>
Total Business-Type Long-Term Obligations	<u>37,532,083</u>	<u>24,525</u>	<u>2,293,703</u>	<u>35,262,905</u>	<u>2,349,186</u>
Total Government-Wide Long-Term Obligations	<u>\$ 75,140,184</u>	<u>\$ 1,169,992</u>	<u>\$ 4,886,271</u>	<u>\$ 71,423,905</u>	<u>\$ 6,142,087</u>

NOTE 11 - RETIREMENT PLAN

Plan Description. The City of South Jordan contributes to the Public Employees Contributory Retirement System, Public Safety Contributory and Noncontributory Retirement System, and Fire Fighters Retirement System which are cost-sharing multiple-employer defined benefit pension plans administered by the Utah Retirement Systems (Systems). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries in accordance with retirement statutes.

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 as amended. The Utah State Retirement Office Act in Chapter 49 provides for the administration of the Utah Retirement Systems and Plans under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that includes financial statements and

CITY OF SOUTH JORDAN
Notes to the Financial Statements
 June 30, 2013

required supplementary information for the Public Employees Contributory Retirement System, Public Safety Noncontributory Retirement System, Public Safety Contributory Retirement System, and Fire Fighters Retirement System which are for employers with Social Security coverage. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, Utah, 84102 or by calling 1-800-365-8772.

Funding Policy. In the Public Employees Contributory Retirement System Tier I, members are required to contribute 6.0 percent of their annual covered salary (all or part may be paid by the employer for the employee). The City has chosen to contribute 5.0 percent of the member’s required contribution. In addition, the City is required to contribute 12.03 percent of the member’s annual covered salary. Tier I employees are those hired prior to July 1, 2011, or have previously worked at an employer in the System. The City also contributes to the Public Employees Contributory Retirement System Tier II, which covers employees hired on or after July 1, 2011, and have previously not worked at a covered employer. The City is required to contribute 14.51 percent of the member’s annual covered salary. In the Public Safety Noncontributory Retirement System (Tier I) the City is required to contribute 30.45 percent of the member’s annual covered salary. The City is required to contribute 19.25 percent in the Public Safety Contributory System (Tier II). In the Fire Fighters Retirement System (Division A) Tier I, members are required to contribute 15.05 percent of their annual covered salary (all or part may be paid by the employer for the employee). The City has chosen to contribute 14.05 percent of the members required contribution. In addition, the City is required to contribute 2.66 percent of the member’s annual covered salary. For the Fire Fighters Retirement System (Division B) Tier II the City is required to contribute 11.10 percent of the member’s covered annual salary. The contribution rates are actuarial determined rates. The contribution requirements of the Systems are authorized by statute and specified by the board.

Trend Information. The following contributions have been made in the past three years and were equal to the required contributions for each fiscal year ending on June 30th:

	2011	2012	2013
Local Government Contributory Division Tier I and II	\$ 1,244,931	\$ 1,264,991	\$ 1,451,063
Public Safety Contributory Division A	-	-	9,745
Public Safety Noncontributory Division A Tier I	610,729	638,905	717,031
Firefighters Division A Tier I	364,932	345,992	396,048
Firefighters Division B	-	-	9,814

NOTE 12 - 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 final 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 13 - 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. The City participates in the Utah Risk Management Mutual Association (a public entity risk pool). All claims are submitted to the Utah Risk Management Mutual Association which acts as a commercial insurer. The Association is obligated to pay all claims covered by its plan. All claims are subject to a \$7,500 deductible. The deductible is accrued as a current liability when the claim is incurred. The Utah Risk Management Mutual Association covers claims up to \$6,000,000. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

NOTE 14 - REDEVELOPMENT AGENCY

The Redevelopment Agency of South Jordan City is established to further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2013, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$12,301,882
Tax increment distributions	6,997,878
Outstanding loans to finance RDA projects	7,013,000
Amounts expended for installation of public utilities and other public improvements	151,417
Amounts expended for administrative costs	799,058

NOTE 15 - EQUITY IN JOINT VENTURE

Trans - Jordan Cities

The City of South Jordan joined a joint venture with several other municipalities to create the Trans-Jordan Cities Landfill (Trans-Jordan). Trans-Jordan was created for the purpose of operating and maintaining a landfill for the benefit of member municipalities. The City uses the equity method to account for its investment.

A. Ownership

In accordance with the Utah Inter-local Cooperation Act (which created Trans-Jordan), all assets revert to the participating cities upon dissolution. Participants' shares of these assets are based on each participating City's payment of usage fees and charges in proportion to fees paid by all participating cities for the preceding ten fiscal years. Members' participating interests are adjusted according to the above formula annually. As of June 30, 2013, these percentages are as follows:

Participating Cities	Fees & Charges for Ten Preceding Years	Percent
Draper City	\$ 1,932,806	9.88%
Midvale City	1,010,864	5.18%
Murray City	1,660,082	8.49%
Riverton City	1,983,827	10.14%
Sandy City	5,912,842	30.24%
South Jordan City	2,550,751	13.04%
West Jordan City	4,503,999	23.03%
	\$ 19,555,171	100.00%

B. Management

Trans-Jordan's Board of Directors governs the operations of Trans-Jordan through management employed by the Board. Since Trans-Jordan is subject to the same laws as the creating entities, it must follow State law for cities in the areas of fiscal management, budgeting, and financing.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2013

C. Financial Summary

	<u>Trans-Jordan Cities</u>	<u>South Jordan City's Share</u>
Total Assets	<u>\$ 24,986,843</u>	<u>\$ 3,258,284</u>
Total Liabilities	<u>\$ 4,924,824</u>	<u>\$ 642,197</u>
 Total Net Position	 <u>\$ 20,062,019</u>	 <u>\$ 2,616,087</u>
 Total Operating Revenues	 \$ 5,978,939	 \$ 779,654
Total Operating Expenses	<u>6,074,844</u>	<u>792,160</u>
Net Operating Income	(95,905)	(12,506)
Total Non-Operating Income (Expense)	<u>624,323</u>	<u>81,412</u>
Change in Net Position	<u>\$ 528,418</u>	<u>\$ 68,906</u>

D. Debt

The joint venture has the following long-term debt:

	<u>Total Amount</u>	<u>South Jordan City's Share</u>
Closure and Post-closure Liability	<u>\$4,425,375</u>	<u>\$577,069</u>

E. Address

Audited financial statements for Trans-Jordan Cities are available at the Trans-Jordan office.

Trans-Jordan Cities
10873 South 7200 West
South Jordan, UT 84095



Required Supplementary Information

CITY OF SOUTH JORDAN

General Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes				
Property Tax - Current	\$ 6,920,000	\$ 6,920,000	\$ 7,664,272	\$ 744,272
Property Tax - Delinquent	175,000	175,000	227,263	52,263
Motor Vehicle Tax	585,000	585,000	635,496	50,496
Sales and Use Tax	8,592,249	8,592,249	9,815,735	1,223,486
Penalties and Interest	10,000	10,000	14,546	4,546
Telecommunications Tax	875,000	875,000	869,378	(5,622)
Energy Sales and Use Tax	2,750,000	2,750,000	3,181,151	431,151
Total Taxes	<u>19,907,249</u>	<u>19,907,249</u>	<u>22,407,841</u>	<u>2,500,592</u>
Licenses and Permits				
Building Permits	1,794,000	1,857,850	2,689,190	831,340
Business Licenses	150,000	150,000	182,229	32,229
Solid Waste License Fee	45,000	45,000	44,712	(288)
Innkeeper Fee	30,000	30,000	38,682	8,682
Miscellaneous	107,500	107,500	107,794	294
Total Licenses and Permits	<u>2,126,500</u>	<u>2,190,350</u>	<u>3,062,607</u>	<u>872,257</u>
Intergovernmental Revenues				
Federal Grants	60,000	117,026	160,974	43,948
State Grants	-	33,660	40,873	7,213
County Grants	-	21,089	18,377	(2,712)
Class "C" Road Allotment	1,650,000	1,650,000	1,775,941	125,941
Liquor Fund Allotment	42,000	42,000	40,138	(1,862)
Total Intergovernmental Revenues	<u>1,752,000</u>	<u>1,863,775</u>	<u>2,036,303</u>	<u>172,528</u>
Charges for Services				
Ambulance Fees	668,722	750,054	1,056,882	306,828
Engineering Fees	100,000	100,000	223,769	123,769
Plan Check Fees	475,000	475,000	596,828	121,828
Zoning and Subdivision Fees	72,500	72,500	160,526	88,026
General Public Sanitation	200,000	200,000	226,536	26,536
Other Services	2,408,399	2,508,635	2,809,799	301,164
Total Charges for Services	<u>3,924,621</u>	<u>4,106,189</u>	<u>5,074,340</u>	<u>968,151</u>
Fines and Forfeitures	<u>900,000</u>	<u>900,000</u>	<u>769,367</u>	<u>(130,633)</u>
Miscellaneous Revenue				
Investment Earnings	100,000	100,000	112,020	12,020
Sundry Revenue	115,000	203,465	210,022	6,557
Total Miscellaneous Revenue	<u>215,000</u>	<u>303,465</u>	<u>322,042</u>	<u>18,577</u>
Total Revenue	<u>28,825,370</u>	<u>29,271,028</u>	<u>33,672,500</u>	<u>4,401,472</u>

The notes to the required supplementary information are an integral part of this schedule.

(Continued)

CITY OF SOUTH JORDAN

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Continued)
For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
General Government				
General Administration	\$ 3,019,425	\$ 2,665,855	\$ 2,292,895	\$ 372,960
Information and Records	1,709,460	1,746,639	1,496,434	250,205
Finance	1,401,210	1,304,631	1,100,735	203,896
Community Services	1,001,862	1,054,095	995,035	59,060
Legal	823,119	832,119	718,403	113,716
Government Services	844,393	959,193	879,834	79,359
Emergency and Risk Management	696,376	794,876	681,277	113,599
Total General Government	9,495,845	9,357,408	8,164,613	1,192,795
Community Development				
Administration	130,092	143,292	125,563	17,729
Planning	445,510	462,010	443,461	18,549
Building	930,462	1,049,775	1,042,363	7,412
Engineering	1,630,503	1,706,811	1,621,854	84,957
Total Community Development	3,136,567	3,361,888	3,233,241	128,647
Public Works				
Administration	580,069	595,069	546,537	48,532
Fleet	595,459	610,459	596,132	14,327
Streets and Roads	2,337,530	2,357,949	2,204,572	153,377
Total Public Works	3,513,058	3,563,477	3,347,241	216,236
Public Safety				
Police	5,748,863	5,862,202	5,628,842	233,360
Fire	4,406,883	4,623,991	4,509,687	114,304
Total Public Safety	10,155,746	10,486,193	10,138,529	347,664
Parks, Recreation, and Culture				
Parks	1,600,111	1,609,438	1,534,299	75,139
Recreation and Culture	182,568	273,782	216,200	57,582
Total Parks and Recreation	1,782,679	1,883,220	1,750,499	132,721
Total Expenditures	28,083,895	28,652,186	26,634,123	2,018,063
Excess (Deficiency) of Revenues Over Expenditures				
	741,475	618,842	7,038,377	6,419,535
OTHER FINANCING SOURCES (USES)				
Transfers In	16,818	139,451	134,568	(4,883)
Transfers Out	(758,293)	(768,293)	(6,290,853)	(5,522,560)
Sale of Capital Assets	-	-	16,637	16,637
Total Other Financing Sources (Uses)	(741,475)	(628,842)	(6,139,648)	(5,510,806)
Net Change in Fund Balance	-	(10,000)	898,729	908,729
Fund Balance - July 1	5,228,970	5,228,970	5,228,970	-
Fund Balance - June 30	\$ 5,228,970	\$ 5,218,970	\$ 6,127,699	\$ 908,729

The notes to the required supplementary information are an integral part of this schedule.

CITY OF SOUTH JORDAN**Redevelopment Agency Fund**

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 13,538,665	\$ 13,538,665	\$ 12,301,882	\$ (1,236,783)
Interest	-	-	61,589	61,589
Total Revenues	<u>13,538,665</u>	<u>13,538,665</u>	<u>12,363,471</u>	<u>(1,175,194)</u>
EXPENDITURES				
General Government	602,513	952,513	799,058	153,455
Capital Outlay and Projects	1,052,042	1,144,117	151,417	992,700
Tax Increment Distributions	7,029,246	7,157,299	6,997,878	159,421
Debt Service				
Principal Retirement	859,000	859,000	859,000	-
Interest and Fees	348,474	348,474	347,974	500
Total Expenditures	<u>9,891,275</u>	<u>10,461,403</u>	<u>9,155,327</u>	<u>1,306,076</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>3,647,390</u>	<u>3,077,262</u>	<u>3,208,144</u>	<u>130,882</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,207,982)</u>	<u>(1,207,982)</u>	<u>(1,207,982)</u>	-
Total Other Financing Sources (Uses)	<u>(1,207,982)</u>	<u>(1,207,982)</u>	<u>(1,207,982)</u>	-
Net Change in Fund Balance	2,439,408	1,869,280	2,000,162	130,882
Fund Balance - July 1	10,157,994	10,157,994	10,157,994	-
Fund Balance - June 30	<u>\$ 12,597,402</u>	<u>\$ 12,027,274</u>	<u>\$ 12,158,156</u>	<u>\$ 130,882</u>

The notes to the required supplementary information are an integral part of this schedule.

CITY OF SOUTH JORDAN
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2013

1. **BUDGETARY INFORMATION**

Budgets for the general fund and the redevelopment agency are adopted and presented on a basis consistent with generally accepted accounting principles.

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Supplementary Information

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

- 1) **Storm Drain** – This fund is used to track revenue from a monthly fee paid by City residents for the maintenance of the City’s storm drain system.
- 2) **CDBG Fund** – This fund is used to account for the revenues received by the City as a grantee participant in the Community Development Grant Program.
- 3) **Fitness Center Fund** – This fund is used to account for fees charged to users and expenditures dealing with maintenance of the facility.

DEBT SERVICE FUND

The Municipal Building Authority is presented as a debt service fund. The authority uses the proceeds of its tax exempt bonds to finance the construction or acquisition of general assets for the City.

- 1) **Municipal Building Authority (MBA)** – This fund is used to account for the construction of capital facilities of the City.

PERMANENT FUND

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government’s programs.

- 1) **Cemetery Perpetual Care Fund** – This fund is used to account for the principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the community cemetery.

CITY OF SOUTH JORDAN
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2013

	Special Revenue			Debt Service	Permanent	Total
	Storm Drain	CDBG	Fitness Center	MBA	Cemetery	
ASSETS						
Cash and Cash Equivalents	\$ 2,419,720	\$ -	\$ 1,193,879	\$ 296,909	\$ 632,744	\$ 4,543,252
Restricted Cash and Cash Equivalents	-	-	-	64,407	-	64,407
Receivables						
Accounts	265,447	15,080	10,879	-	-	291,406
Due From Other Funds	-	-	10,303	-	-	10,303
Total Assets	<u>\$ 2,685,167</u>	<u>\$ 15,080</u>	<u>\$ 1,215,061</u>	<u>\$ 361,316</u>	<u>\$ 632,744</u>	<u>\$ 4,909,368</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities	\$ 18,038	\$ 4,777	\$ 103,935	\$ -	\$ -	\$ 126,750
Due to Other Funds	-	10,303	-	-	-	10,303
Total Liabilities	<u>18,038</u>	<u>15,080</u>	<u>103,935</u>	<u>-</u>	<u>-</u>	<u>137,053</u>
FUND BALANCES						
Restricted	-	-	-	64,407	-	64,407
Committed Fund Balance	-	-	-	-	436,800	436,800
Assigned Fund Balance	2,667,129	-	1,111,126	296,909	195,944	4,271,108
Total Fund Balances	<u>2,667,129</u>	<u>-</u>	<u>1,111,126</u>	<u>361,316</u>	<u>632,744</u>	<u>4,772,315</u>
Total Liabilities and Fund Balances	<u>\$ 2,685,167</u>	<u>\$ 15,080</u>	<u>\$ 1,215,061</u>	<u>\$ 361,316</u>	<u>\$ 632,744</u>	<u>\$ 4,909,368</u>

CITY OF SOUTH JORDAN

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2013

	Special Revenue			Debt Service	Permanent	Total
	Storm Drain	CDBG	Fitness Center	MBA	Cemetery	
REVENUES						
Intergovernmental	\$ -	\$ 120,000	\$ -	\$ -	\$ -	\$ 120,000
Charges for Services	2,135,338	-	1,633,577	-	40,600	3,809,515
Interest	13,022	-	-	-	3,117	16,139
Miscellaneous	1,811	-	58,005	-	-	59,816
Total Revenues	2,150,171	120,000	1,691,582	-	43,717	4,005,470
EXPENDITURES						
Current						
Public Works	940,061	-	-	-	-	940,061
Community Development	-	38,859	-	-	-	38,859
Parks, Recreation, and Culture	-	-	1,454,556	-	-	1,454,556
Debt Service						
Principal	-	-	-	155,000	-	155,000
Interest and Fees	-	-	-	290,826	-	290,826
Capital Outlay and Projects	48,724	81,141	359,684	-	-	489,549
Total Expenditures	988,785	120,000	1,814,240	445,826	-	3,368,851
Excess (Deficiency) of						
Revenues over Expenditures	1,161,386	-	(122,658)	(445,826)	43,717	636,619
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	-	-	7,688	-	-	7,688
Transfers In	-	-	357,066	444,426	-	801,492
Transfers Out	(99,799)	-	(68,323)	(342,160)	(3,117)	(513,399)
Total Other Financing Sources (Uses)	(99,799)	-	296,431	102,266	(3,117)	295,781
Net Change in Fund Balances	1,061,587	-	173,773	(343,560)	40,600	932,400
Fund Balances - Beginning	1,605,542	-	937,353	704,876	592,144	3,839,915
Fund Balances - Ending	\$ 2,667,129	\$ -	\$ 1,111,126	\$ 361,316	\$ 632,744	\$ 4,772,315

CITY OF SOUTH JORDAN

Debt Service Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Special Assessments	\$ 726,990	\$ 726,990	\$ 728,319	\$ 1,329
Interest	8,465	8,465	9,736	1,271
Miscellaneous	148,920	148,920	157,027	8,107
Total Revenue	<u>884,375</u>	<u>884,375</u>	<u>895,082</u>	<u>10,707</u>
EXPENDITURES				
General Government	21,350	21,350	21,350	-
Debt Service				
Principal	1,142,660	1,142,660	1,135,736	6,924
Interest and Fees	876,911	881,927	885,601	(3,674)
Total Expenditures	<u>2,040,921</u>	<u>2,045,937</u>	<u>2,042,687</u>	<u>3,250</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,156,546)</u>	<u>(1,161,562)</u>	<u>(1,147,605)</u>	<u>13,957</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	<u>1,156,546</u>	<u>1,931,796</u>	<u>1,931,796</u>	-
Total Other Financing Sources (Uses)	<u>1,156,546</u>	<u>1,931,796</u>	<u>1,931,796</u>	-
Net Change in Fund Balance	-	770,234	784,191	13,957
Fund Balance - July 1	1,044,940	1,044,940	1,044,940	-
Fund Balance - June 30	<u>\$ 1,044,940</u>	<u>\$ 1,815,174</u>	<u>\$ 1,829,131</u>	<u>\$ 13,957</u>

CITY OF SOUTH JORDAN

Capital Projects Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Intergovernmental	\$ -	\$ 403,628	\$ 404,288	\$ 660
Interest	-	-	33,740	33,740
Impact Fees	-	-	3,845,738	3,845,738
Miscellaneous	-	402,572	419,103	16,531
Total Revenue	<u>-</u>	<u>806,200</u>	<u>4,702,869</u>	<u>3,896,669</u>
EXPENDITURES				
Capital Outlay				
Road and Bridge	1,384,537	2,410,826	1,022,327	1,388,499
Parks	1,535,000	2,426,852	829,225	1,597,627
Storm Drain	227,100	998,827	598,104	400,723
Facilities	206,750	247,285	100,877	146,408
Other Projects	800,654	1,336,775	884,288	452,487
Total Expenditures	<u>4,154,041</u>	<u>7,420,565</u>	<u>3,434,821</u>	<u>3,985,744</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,154,041)</u>	<u>(6,614,365)</u>	<u>1,268,048</u>	<u>7,882,413</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	262,194	262,194
Transfers In	623,500	730,358	6,252,918	5,522,560
Transfers Out	(321,637)	(1,207,835)	(1,207,835)	-
Total Other Financing Sources (Uses)	<u>301,863</u>	<u>(477,477)</u>	<u>5,307,277</u>	<u>5,784,754</u>
Net Change in Fund Balance	(3,852,178)	(7,091,842)	6,575,325	13,667,167
Fund Balance - July 1	13,186,036	13,186,036	13,186,036	-
Fund Balance - June 30	<u>\$ 9,333,858</u>	<u>\$ 6,094,194</u>	<u>\$ 19,761,361</u>	<u>\$ 13,667,167</u>

CITY OF SOUTH JORDAN

Storm Drain Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 2,043,148	\$ 2,043,148	\$ 2,135,338	\$ 92,190
Interest	-	-	13,022	13,022
Miscellaneous	-	-	1,811	1,811
Total Revenue	<u>2,043,148</u>	<u>2,043,148</u>	<u>2,150,171</u>	<u>107,023</u>
EXPENDITURES				
Public Works	990,553	1,002,553	940,061	62,492
Capital Outlay	848,295	876,295	48,724	827,571
Total Expenditures	<u>1,838,848</u>	<u>1,878,848</u>	<u>988,785</u>	<u>890,063</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>204,300</u>	<u>164,300</u>	<u>1,161,386</u>	<u>997,086</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,941)	(99,799)	(99,799)	-
Total Other Financing Sources (Uses)	<u>(2,941)</u>	<u>(99,799)</u>	<u>(99,799)</u>	<u>-</u>
Net Change in Fund Balance	201,359	64,501	1,061,587	997,086
Fund Balance - July 1	1,605,542	1,605,542	1,605,542	-
Fund Balance - June 30	<u>\$ 1,806,901</u>	<u>\$ 1,670,043</u>	<u>\$ 2,667,129</u>	<u>\$ 997,086</u>

CITY OF SOUTH JORDAN

Community Development Block Grant Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
REVENUES				
Intergovernmental	\$ 146,606	\$ 146,606	\$ 120,000	\$ (26,606)
Total Revenue	<u>146,606</u>	<u>146,606</u>	<u>120,000</u>	<u>(26,606)</u>
EXPENDITURES				
General Government	39,321	39,321	38,859	462
Capital Outlay	<u>107,285</u>	<u>107,285</u>	<u>81,141</u>	<u>26,144</u>
Total Expenditures	<u>146,606</u>	<u>146,606</u>	<u>120,000</u>	<u>26,606</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SOUTH JORDAN

Fitness Center Fund

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

Budget and Actual

For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 1,459,000	\$ 1,554,000	\$ 1,633,577	\$ 79,577
Miscellaneous	22,000	58,525	58,005	(520)
Total Revenue	<u>1,481,000</u>	<u>1,612,525</u>	<u>1,691,582</u>	<u>79,057</u>
EXPENDITURES				
Parks, Recreation, and Culture	1,427,444	1,471,044	1,454,556	16,488
Capital Outlay	318,645	318,645	359,684	(41,039)
Total Expenditures	<u>1,746,089</u>	<u>1,789,689</u>	<u>1,814,240</u>	<u>(24,551)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(265,089)</u>	<u>(177,164)</u>	<u>(122,658)</u>	<u>54,506</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	7,688	7,688
Transfers In	357,066	357,066	357,066	-
Transfers Out	(949)	(68,323)	(68,323)	-
Total Other Financing Sources (Uses)	<u>356,117</u>	<u>288,743</u>	<u>296,431</u>	<u>7,688</u>
Net Change in Fund Balance	91,028	111,579	173,773	62,194
Fund Balance - July 1	937,353	937,353	937,353	-
Fund Balance - June 30	<u>\$ 1,028,381</u>	<u>\$ 1,048,932</u>	<u>\$ 1,111,126</u>	<u>\$ 62,194</u>

CITY OF SOUTH JORDAN
Municipal Building Authority Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest	\$ 1,750	\$ 1,750	\$ -	\$ (1,750)
Total Revenue	<u>1,750</u>	<u>1,750</u>	<u>-</u>	<u>(1,750)</u>
EXPENDITURES				
Debt Service				
Principal	155,000	155,000	155,000	-
Interest and Fees	291,176	291,176	290,826	350
Total Expenditures	<u>446,176</u>	<u>446,176</u>	<u>445,826</u>	<u>350</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(444,426)</u>	<u>(444,426)</u>	<u>(445,826)</u>	<u>(1,400)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	444,426	444,426	444,426	-
Transfers Out	(293,645)	(342,160)	(342,160)	-
Total Other Financing Sources (Uses)	<u>150,781</u>	<u>102,266</u>	<u>102,266</u>	<u>-</u>
Net Change in Fund Balance	(293,645)	(342,160)	(343,560)	(1,400)
Fund Balance - July 1	704,876	704,876	704,876	-
Fund Balance - June 30	<u>\$ 411,231</u>	<u>\$ 362,716</u>	<u>\$ 361,316</u>	<u>\$ (1,400)</u>

CITY OF SOUTH JORDAN
Cemetery Perpetual Care Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balance -
 Budget and Actual
 For the Year Ended June 30, 2013

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 8,000	\$ 35,000	\$ 40,600	\$ 5,600
Interest	-	8,000	3,117	(4,883)
Total Revenue	<u>8,000</u>	<u>43,000</u>	<u>43,717</u>	<u>717</u>
EXPENDITURES				
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>8,000</u>	<u>43,000</u>	<u>43,717</u>	<u>717</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(8,000)	(8,000)	(3,117)	4,883
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(8,000)</u>	<u>(3,117)</u>	<u>4,883</u>
Net Change in Fund Balance	-	35,000	40,600	5,600
Fund Balance - July 1	592,144	592,144	592,144	-
Fund Balance - June 30	<u>\$ 592,144</u>	<u>\$ 627,144</u>	<u>\$ 632,744</u>	<u>\$ 5,600</u>

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Statistical Section

STATISTICAL SECTION

This part of the City of South Jordan’s comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City’s overall financial health.

FINANCIAL TRENDS – These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time.

Net Position by Component	93
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REVENUE CAPACITY – These schedules contain information to help the reader assess the city’s most significant local revenue sources: Property tax, sales tax, and water revenue.

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Property Tax Levied and Collections	102
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Direct and Overlapping Sales Tax Rates.....	104
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DEBT CAPACITY – These schedules present information to help the reader assess the affordability of the city’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.

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DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place.

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OPERATING INFORMATION – These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs.

Operating Indicators by Function/Program	114
Capital Asset Statistics by Function/Program	115

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF SOUTH JORDAN
Net Position by Component
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 65,340,150	\$ 79,256,640	\$ 106,761,733	\$ 128,667,115	\$ 164,633,436	\$ 173,288,801	\$ 182,191,448	\$ 184,928,098	\$ 190,401,077	\$ 190,745,605
Restricted	7,371,459	5,526,916	5,171,176	5,546,107	6,817,249	5,287,778	5,750,547	5,778,082	6,487,565	9,320,159
Unrestricted	19,163,118	18,990,548	23,086,915	32,173,707	18,940,477	15,981,298	19,648,675	23,561,253	28,107,792	36,671,797
Total Government Activities Net Position	91,874,727	103,774,104	135,019,824	166,386,929	190,391,162	194,557,877	207,590,670	214,267,433	224,996,434	236,737,561
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	35,170,815	40,959,558	50,171,439	61,890,171	66,417,595	65,826,404	80,535,829	81,720,057	82,158,412	83,077,861
Restricted	1,843,649	4,189,093	5,019,969	4,508,398	4,188,003	5,357,126	5,357,073	5,357,073	4,686,192	7,805,966
Unrestricted	3,928,047	2,680,927	6,284,350	8,054,634	10,482,319	17,952,818	12,934,808	15,034,338	17,883,852	19,607,470
Total Business-type Activities Net Position	40,942,511	47,829,578	61,475,758	74,453,203	81,037,917	89,136,348	98,827,710	102,111,468	104,728,456	110,491,297
Primary Government										
Invested in Capital Assets, Net of Related Debt	100,510,965	120,216,198	156,933,172	190,557,286	231,051,031	239,115,205	262,727,277	266,648,155	272,559,489	273,823,466
Restricted	9,215,108	9,716,009	10,191,145	10,054,505	11,005,252	10,644,904	11,107,620	11,135,155	11,173,757	17,126,125
Unrestricted	23,091,165	21,671,475	30,843,775	41,685,156	29,372,796	33,934,116	32,583,483	38,595,591	45,991,644	56,279,267
Total Primary Government Net Position	\$ 132,817,238	\$ 151,603,682	\$ 197,868,092	\$ 242,296,947	\$ 271,429,079	\$ 283,694,225	\$ 306,418,380	\$ 316,378,901	\$ 329,724,890	\$ 347,228,858

CITY OF SOUTH JORDAN
Changes in Net Position
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Expenses										
Governmental Activities:										
General Government	\$ 6,870,068	\$ 5,797,064	\$ 4,063,181	\$ 7,689,410	\$ 12,382,752	\$ 25,767,542	\$ 13,717,369	\$ 12,109,691	\$ 15,502,901	\$ 17,389,131
Community Development	6,026,263	6,829,037	8,829,267	3,071,596	4,307,929	2,666,063	2,790,912	2,995,757	3,137,078	3,291,558
Public Works	4,943,240	6,460,953	7,736,325	14,432,464	8,152,171	8,765,876	9,377,398	10,556,329	10,680,313	10,800,864
Public Safety	-	-	-	-	9,085,813	9,977,339	10,344,086	10,247,065	10,593,261	10,592,624
Parks, Recreation, and Culture	-	-	-	-	2,797,002	2,482,574	2,758,666	3,004,123	3,194,554	4,432,215
Redevelopment	1,379,091	4,447,692	-	-	-	-	-	-	-	-
Finance and Administrative Services	-	-	5,761,808	5,794,895	-	-	-	-	-	-
Interest on Long-term Debt	2,007,526	1,956,191	1,761,293	1,615,736	1,364,267	1,877,795	1,962,277	1,792,390	1,599,655	1,446,215
Total Governmental Activities Expense	21,226,188	25,490,937	28,151,874	32,604,101	38,089,934	51,537,189	40,950,708	40,705,355	44,707,762	47,952,607
Business-type Activities										
Water	6,556,322	7,509,008	8,224,417	9,661,825	11,590,718	12,169,090	13,234,622	13,218,308	14,600,787	14,665,809
Sanitation	1,306,726	1,226,513	1,462,979	1,676,313	1,929,607	1,941,646	2,223,915	2,255,978	2,753,324	2,737,800
Mulligans	-	1,140,005	1,559,361	1,273,268	1,262,095	1,216,443	1,151,246	1,140,856	1,104,589	1,076,915
Total Business-type Activities Expense	7,863,048	9,875,526	11,246,757	12,611,406	14,782,420	15,327,179	16,609,783	16,615,142	18,458,700	18,480,524
Total Primary Government Expenses	29,089,236	35,366,463	39,398,631	45,215,507	52,872,354	66,864,368	57,560,491	57,320,497	63,166,462	66,433,131
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	4,595,121	6,459,964	1,929,805	5,413,975	4,203,401	5,321,133	10,797,411	8,413,802	10,023,023	4,191,264
Community Development	-	-	-	-	4,940,046	2,626,351	2,287,428	2,203,018	2,207,553	3,770,162
Public Works	2,545,979	3,337,655	11,066,549	9,302,633	3,808,582	3,434,446	1,570,106	1,504,460	2,340,293	6,333,077
Public Safety	1,831,151	2,096,760	2,356,987	328,651	906,824	558,538	418,644	-	-	1,350,973
Parks, Recreation, and Culture	-	-	-	-	2,287,865	247,646	52,655	922,630	2,142,558	1,929,378
Finance and Administrative Services	2,978,838	2,876,350	2,528,736	1,089,849	-	-	-	-	-	-
Operating Grants and Contributions	1,727,810	2,230,985	1,841,950	1,950,195	1,878,241	2,239,958	1,854,699	2,245,987	2,104,024	2,560,591
Capital Grants and Contributions	6,483,571	8,865,370	23,874,290	27,178,129	20,049,268	16,470,876	11,616,590	2,845,815	4,130,047	4,764,233
Total Governmental Activities Program Revenues	20,162,470	25,867,084	43,598,317	45,263,432	38,074,227	30,898,948	28,597,533	18,135,712	22,947,498	24,899,678
Business-type Activities:										
Charges for Services:										
Water	9,160,374	10,001,697	12,318,095	12,549,690	14,461,880	14,061,525	13,606,735	15,198,823	15,457,540	17,058,838
Sanitation	1,306,726	1,947,040	2,041,235	2,409,651	2,446,905	2,270,385	2,590,014	2,631,313	2,782,767	2,899,907
Mulligans	-	1,103,493	1,196,809	1,312,393	1,246,377	1,232,693	1,253,843	1,150,831	1,343,934	1,229,420
Capital Grants and Contributions	2,392,023	4,037,365	5,767,243	8,541,823	4,272,734	5,937,377	8,824,471	764,448	1,437,347	2,955,905
Total Business-type Activities Program Revenues	12,859,123	17,089,595	21,323,382	24,813,557	22,427,896	23,501,980	26,275,063	19,745,415	21,021,588	24,144,070
Total Primary Governmental Program Revenues	33,021,593	42,956,679	64,921,699	70,076,989	60,502,123	54,400,928	54,872,596	37,881,127	43,969,086	49,043,748

CITY OF SOUTH JORDAN
Changes in Net Position (continued)
 Last Ten Fiscal Years
 (accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Net (Expense)/Revenue										
Governmental Activities	(1,063,718)	376,147	15,446,443	12,659,331	(15,707)	(20,638,241)	(12,353,175)	(22,569,643)	(21,760,264)	(23,062,929)
Business-type Activities	4,996,075	7,214,069	10,076,626	12,202,151	7,645,476	8,174,801	9,665,280	3,130,273	2,562,888	5,663,546
Total Primary Government Net Expense	3,932,357	7,590,216	25,523,069	24,861,482	7,629,769	(12,463,440)	(2,687,895)	(19,439,370)	(19,197,376)	(17,399,383)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property Taxes	5,339,574	6,063,532	7,428,694	8,900,328	11,456,293	13,403,866	14,238,268	17,254,088	19,339,283	21,559,693
Sales Taxes	3,255,045	3,658,972	4,926,279	6,481,322	7,174,379	7,363,412	7,470,026	8,301,690	9,047,468	9,815,735
Energy Sales and Use Tax	1,434,575	1,431,090	1,853,968	1,824,497	2,260,516	2,363,720	2,520,364	2,771,527	2,793,820	3,181,151
Other Taxes	187,952	565,185	753,042	877,001	843,014	918,708	937,852	872,976	921,270	14,546
Gain (Loss) on Disposition of Capital Assets	759,303	(867,929)	3,784,498	11,125	229,846	173,197	47,843	51,222	-	89,002
Investment Earnings	50,875	250,460	419,040	1,174,925	995,130	505,683	175,085	199,610	380,297	233,224
Miscellaneous	69,617	65,208	203,310	450,196	-	-	-	-	-	-
Transfers	257,746	356,712	(3,569,554)	(1,011,620)	1,060,762	76,370	(3,470)	(153,485)	(44,100)	(99,295)
Total Governmental Activities	11,354,687	11,523,230	15,799,277	18,707,774	24,019,940	24,804,956	25,385,968	29,246,406	32,489,260	34,794,056
Business-type Activities:										
Gain (Loss) on Disposal of Capital Assets	-	6,440	-	(236,326)	-	-	22,612	-	10,000	-
Investment Earnings	8,422	23,270	-	-	-	-	-	-	-	-
Transfers	(257,746)	(356,712)	3,569,554	1,011,620	(1,060,762)	(76,370)	3,470	153,485	44,100	99,295
Total Business-type Activities	(249,324)	(327,002)	3,569,554	775,294	(1,060,762)	(76,370)	26,082	153,485	54,100	99,295
Total Primary Government	11,105,363	11,196,228	19,368,831	19,483,068	22,959,178	24,728,586	25,412,050	29,399,891	32,543,360	34,893,351
Change in Net Position										
Governmental Activities	10,290,969	11,899,377	31,245,720	31,367,105	24,004,233	4,166,715	13,032,793	6,676,763	10,728,996	11,741,127
Business-type Activities	4,746,751	6,887,067	13,646,180	12,977,445	6,584,714	8,098,431	9,691,362	3,283,758	2,616,988	5,762,841
Total Primary Government	\$ 15,037,720	\$ 18,786,444	\$ 44,891,900	\$ 44,344,550	\$ 30,588,947	\$ 12,265,146	\$ 22,724,155	\$ 9,960,521	\$ 13,345,984	\$ 17,503,968

CITY OF SOUTH JORDAN
Fund Balances, Governmental Funds
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
General Fund										
Nonspendable	\$ 272,704	\$ 144,456	\$ 23,728	\$ 19,159	\$ 21,901	\$ 10,612	\$ 10,993	\$ 21,408	\$ 26,239	\$ 39,877
Restricted	-	59,706	-	-	-	-	-	-	14,164	11,862
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	87,393
Unassigned	3,157,492	3,192,878	3,866,240	4,566,731	5,185,683	5,213,666	5,221,309	5,279,652	5,188,567	5,988,567
Total General Fund	\$ 3,430,196	\$ 3,397,040	\$ 3,889,968	\$ 4,585,890	\$ 5,207,584	\$ 5,224,278	\$ 5,232,302	\$ 5,301,060	\$ 5,228,970	\$ 6,127,699
All Other Governmental Funds										
Nonspendable	\$ 119,703	\$ 113,991	\$ 159,265	\$ 250,910	\$ 96,857	\$ 116,328	\$ 96,857	\$ 96,857	\$ 134,313	\$ 28,092
Restricted	6,973,633	5,098,313	4,725,089	5,074,875	6,328,860	4,765,105	5,222,316	5,224,294	5,881,257	8,675,553
Committed	257,816	270,708	289,991	313,629	313,629	336,903	358,253	383,801	395,500	436,800
Assigned	9,096,012	9,693,482	12,501,865	14,683,263	9,177,131	11,687,422	10,465,979	15,563,096	21,817,815	29,380,518
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 16,447,164	\$ 15,176,494	\$ 17,676,210	\$ 20,322,677	\$ 15,916,477	\$ 16,905,758	\$ 16,143,405	\$ 21,268,048	\$ 28,228,885	\$ 38,520,963

CITY OF SOUTH JORDAN
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenues										
Taxes	\$ 10,240,605	\$ 11,623,773	\$ 14,960,684	\$ 18,187,553	\$ 21,604,249	\$ 23,738,906	\$ 25,158,343	\$ 29,220,387	\$ 32,264,757	\$ 34,709,723
Licenses and Permits	1,790,661	2,948,658	3,763,459	3,716,134	2,974,174	1,829,604	2,287,428	2,203,018	2,207,553	3,062,607
Intergovernmental	1,717,710	2,230,984	2,182,529	2,273,037	2,040,569	2,239,959	1,966,229	2,245,987	2,104,024	2,560,591
Charges for Services	3,216,295	4,767,544	5,950,844	7,073,069	7,332,800	6,533,932	6,999,950	7,327,252	9,013,661	8,883,855
Fines and Forfeitures	987,405	1,189,595	1,260,350	1,089,849	1,009,544	1,001,232	1,043,493	885,487	827,665	769,367
Special Assessments	794,799	926,733	710,771	799,031	785,888	711,536	716,910	721,063	721,697	728,319
Interest	285,586	469,847	756,130	1,174,925	995,130	505,683	175,085	199,615	380,297	233,224
Impact fees	5,094,036	5,333,222	5,831,054	4,256,057	2,463,789	1,572,054	2,253,364	1,504,460	2,340,293	3,845,738
Miscellaneous	707,696	377,533	942,584	1,598,226	1,904,251	1,024,621	2,214,569	922,626	2,142,558	845,968
Total Revenues	24,834,793	29,867,889	36,358,405	40,167,881	41,110,394	39,157,527	42,815,371	45,229,895	52,002,505	55,639,392
Expenditures										
General Government	5,266,202	3,946,900	2,477,432	5,683,085	9,694,127	10,868,597	9,956,496	9,876,422	10,334,377	9,123,845
Community Development	-	-	-	8,966,517	2,827,193	2,622,687	2,733,183	2,905,598	3,047,669	3,272,100
Public Works	2,093,356	2,767,976	3,992,094	3,200,085	3,200,085	3,452,789	4,267,434	4,755,483	4,410,272	4,826,681
Public Safety	5,780,900	6,619,809	8,377,726	2,832,767	8,663,160	9,248,471	9,184,918	9,498,423	9,916,399	10,202,639
Parks, Recreation, and Culture	-	-	-	-	2,264,434	1,880,757	2,046,671	2,392,833	2,144,382	3,312,352
Finance and Admin. Services	1,151,439	3,233,684	4,817,357	5,233,222	-	-	-	-	-	-
Tax Increment Distributions	487,608	581,406	799,491	1,453,327	2,769,047	13,696,931	2,524,699	1,959,040	4,253,776	6,997,878
Capital Outlay	9,374,068	10,886,020	10,333,125	7,761,741	13,677,411	11,233,238	7,525,348	3,266,161	4,665,859	3,226,177
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	1,743,380	6,041,894	2,471,530	2,901,694	2,030,751	3,227,438	3,414,344	3,361,174	4,812,188	2,149,736
Interest	2,053,404	2,006,799	1,742,568	1,919,083	1,812,173	1,618,274	2,024,325	1,880,074	1,568,137	1,524,401
Other	-	-	-	-	-	259,409	-	-	130,652	-
Total Expenditures	27,950,357	36,084,488	35,011,323	36,751,436	46,938,381	58,108,591	43,677,418	39,895,208	45,283,711	44,635,809
Excess (Deficiency) of Revenues over Expenditures	(3,115,564)	(6,216,599)	1,347,082	3,416,445	(5,827,987)	(18,951,064)	(862,047)	5,334,687	6,718,794	11,003,583

CITY OF SOUTH JORDAN
Changes in Fund Balances, Governmental Funds (continued)

Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Other Financing Sources (Uses)										
Issuance of Long Term Debt	\$ 1,880,652	\$ 1,246,924	\$ 1,333,934	\$ 10,219,500	\$ 6,380,000	\$ 19,357,000	\$ -	\$ -	\$ 6,880,000	\$ -
Bond Premium	-	-	-	-	-	216,708	-	-	94,714	-
Sale of Capital Assets	1,742,087	3,309,139	3,881,177	236,300	719,874	306,961	111,188	12,200	78,122	286,519
Payment to Refunded Bonds Escrow Agent	-	-	-	(9,699,784)	(6,100,000)	-	-	-	(6,838,782)	-
Transfers In	3,428,827	7,792,483	11,268,143	10,512,044	10,653,602	8,036,191	7,674,394	8,565,411	9,374,735	9,120,774
Transfers Out	(3,171,081)	(7,435,771)	(14,837,697)	(11,359,269)	(9,592,839)	(7,959,821)	(7,677,864)	(8,718,896)	(9,418,836)	(9,220,069)
Total Other Financing Sources (Uses)	3,880,485	4,912,775	1,645,557	(91,209)	2,060,637	19,957,039	107,718	(141,285)	169,953	187,224
Net Change in Fund Balances	\$ 764,921	\$ (1,303,824)	\$ 2,992,639	\$ 3,325,236	\$ (3,767,350)	\$ 1,005,975	\$ (754,329)	\$ 5,193,402	\$ 6,888,747	\$ 11,190,807
Debt Service as a Percentage of Noncapital Expenditures	20%	32%	17%	17%	12%	10%	15%	14%	16%	9%

CITY OF SOUTH JORDAN
Assessed Value and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

Fiscal Year	Residential Property			Commercial Property	Industrial Property	Less: Tax-Exempt Property	Total Taxable Assessed Value		Total Direct Tax Rate		Estimated Actual Taxable Value		Taxable Assessed Value as a Percentage of Actual Taxable Value	
2004	\$	1,385,723,151	\$	230,953,859	\$	2,155,569	\$	79,140,189	\$	1,539,692,390	1.87	\$	2,387,119,984	64.50
2005		1,553,149,212		258,858,202		2,416,010		88,702,077		1,725,721,347	2.21		2,675,536,972	64.50
2006		1,750,626,962		291,771,160		2,723,197		99,980,251		1,945,141,069	1.87		3,015,722,587	64.50
2007		2,258,377,822		423,682,386		4,642,382		90,866,013		2,595,836,577	1.71		4,024,552,833	64.50
2008		3,181,686,071		596,899,390		6,540,360		128,015,395		3,657,110,427	1.70		5,669,938,647	64.50
2009		3,723,517,796		698,549,591		7,654,164		149,816,038		4,279,905,513	2.03		6,635,512,423	64.50
2010		3,337,142,726		626,063,796		6,859,921		134,270,206		3,835,796,237	2.07		5,946,970,910	64.50
2011		3,466,518,714		538,233,438		99,688,053		2,051,195		4,102,389,011	2.33		6,360,293,040	64.50
2012		3,392,943,910		526,809,753		97,572,233		2,007,659		4,015,318,237	2.38		6,130,256,850	65.50
2013		3,435,655,884		533,441,482		98,800,518		2,032,932		4,065,864,951	2.44		6,207,427,406	65.50

Source: Utah State Tax Commission - Property Tax Division

CITY OF SOUTH JORDAN
Direct and Overlapping Property Tax Rates

Last Ten Fiscal Years

(rate per \$1,000 of assessed value)

Fiscal Year	City Direct Rates				Overlapping Rates									
	Basic Rates	Total Direct Rate	Jordan		Central Utah					Jordan Valley				
			School District	Salt Lake Library	Salt Lake County	Mosquito Abatement	Water Conservancy District	Sandy Suburban	South Valley Sewer	Water Conservancy District	Crescent Cemetery			
2004	1.87	1.87	8.86	0.73	2.82	0.03	0.35	1.10	0.52	0.39	0.07			
2005	2.21	2.21	8.66	0.70	2.68	0.03	0.40	1.10	0.47	0.40	0.06			
2006	1.87	1.87	7.35	0.62	2.37	0.03	0.36	1.06	0.41	0.35	-			
2007	1.71	1.71	6.62	0.52	1.99	0.02	0.30	0.88	0.33	0.40	0.04			
2008	1.70	1.70	6.15	0.50	1.93	0.02	0.29	0.81	0.32	0.38	0.04			
2009	2.03	2.03	7.38	0.56	2.28	0.03	0.40	0.90	0.38	0.40	0.04			
2010	2.07	2.07	6.49	0.58	2.59	0.05	0.42	0.94	0.37	0.41	0.05			
2011	2.33	2.33	7.32	0.60	2.70	0.05	0.44	0.97	0.40	0.42	0.05			
2012	2.38	2.38	7.36	0.63	2.79	0.02	0.46	1.03	0.41	0.44	0.05			
2013	2.44	2.44	7.13	0.76	3.18	0.02	0.46	1.04	0.40	0.42	0.05			

Source: Utah State Property Tax Division - www.taxrates.utah.gov

CITY OF SOUTH JORDAN
Principal Property Tax Payers
 Current Year and Ten Years Ago

Taxpayer	2013			2004		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
Riverpark LLC	\$ 231,971,200	1	5.71%			
Kennecott	135,051,100	2	3.32%			
Boyer Jordan Heights	128,635,575	3	3.16%			
Fred Lampropoulos	81,942,682	4	2.02%			
Ebay	55,491,700	5	1.36%			
Wal-Mart Real Estate Business	49,978,700	6	1.23%			
San Tropez Holdings LLC	37,541,757	7	0.92%			
DM Town Center LLC	25,392,000	8	0.62%			
Harvest Pointe LLC	23,207,095	9	0.57%			
Pheasant Hollow Business Park	20,354,700	10	0.50%			
Sterling Village, L.C.				\$ 26,917,000	1	1.02%
OM Enterprises				26,452,400	2	1.00%
High Uinta Investment Properties				24,378,500	3	0.92%
106th South Business Park				22,476,500	4	0.85%
D E F Properties LLC				10,702,560	5	0.41%
Legacy Plaza, L.L.C.				10,592,380	6	0.40%
E and H Investments, L.L.C.				10,472,600	7	0.40%
MM (UT) PRS				10,076,500	8	0.38%
Legacy Retirement Center, L.L.C.				9,422,900	9	0.36%
Darwin Datwyler				8,822,400	10	0.33%
Total	\$ 789,566,509		19.42%	\$ 160,313,740		6.08%

Sources: The City of South Jordan and The Utah Tax Commission - Property Tax Division

CITY OF SOUTH JORDAN
Property Tax Levied and Collections
 Last Ten Fiscal Years

Fiscal Year Ended June 30,	Tax Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2004	\$ 2,973,839	\$ 2,851,618	95.89%	\$ 120,797	\$ 2,972,414	99.95%
2005	3,226,756	3,074,510	95.28%	147,021	3,221,531	99.84%
2006	3,904,953	3,752,707	96.10%	151,988	3,904,695	99.99%
2007	4,321,487	4,132,213	95.62%	189,061	4,321,274	100.00%
2008	6,250,207	5,949,216	95.18%	300,923	6,250,139	100.00%
2009	7,259,823	6,777,184	93.35%	309,744	7,086,928	97.62%
2010	7,723,824	7,330,964	94.91%	258,583	7,589,547	98.26%
2011	8,512,362	8,175,797	96.05%	140,717	8,316,514	97.70%
2012	9,313,139	9,068,345	97.37%	-	9,068,345	97.37%
2013	9,648,746	9,444,798	97.89%	-	9,444,798	97.89%

Source: Salt Lake County Treasurer and The City of South Jordan

CITY OF SOUTH JORDAN
Principal Sales Tax Payers
 Current Year and Ten Years Ago

Tax Payer*	2013			2004		
	South Jordan Direct POS	Rank	Percentage of Total Direct POS	South Jordan Direct POS	Rank	Percentage of Total Direct POS
Mining Operation	\$ 2,645,305	1	23.69%			
Retail/Grocery	828,754	2	7.42%			
Auto Sales	494,068	3	4.42%			
Information Technology	489,707	4	4.39%			
Retail/Grocery	393,247	5	3.52%			
Auto Sales	308,828	6	2.77%	\$ 337,119	1	16.40%
Utility	302,237	7	2.71%	77,236	7	3.76%
Retail/Grocery	287,629	8	2.58%			
Retail/Grocery	286,928	9	2.57%			
Auto Sales	252,562	10	2.26%	117,657	5	5.72%
Auto Sales	164,512	11	1.47%			
Retail/Grocery	163,628	12	1.47%	161,645	2	7.86%
Retail/Grocery	152,633	13	1.37%	95,612	6	4.65%
Retail/Grocery	148,873	14	1.33%			
Utility	145,594	15	1.30%	72,432	8	3.52%
Retail/Grocery				137,559	3	6.69%
Auto Sales				126,485	4	6.15%
Utility				58,969	9	2.87%
Retail/Grocery				53,893	10	2.62%
Utility				34,278	11	1.67%
Retail/Grocery				32,428	12	1.58%
Auto Sales				29,105	13	1.42%
Medical/Dental				27,512	14	1.34%
Retail/Grocery				24,348	15	1.18%
Total	\$ 7,064,506		63.27%	\$ 1,386,278		67.43%

Source: Utah State Tax Commission

*Due to the confidential nature of sales tax, tax payer industries have been published rather than taxpayer names.

CITY OF SOUTH JORDAN
Direct and Overlapping Sales Tax Rates
 Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>South Jordan City Direct Rate</u>	<u>Salt Lake County</u>	<u>State of Utah</u>
2004	1.000%	0.850%	4.750%
2005	1.000%	0.850%	4.750%
2006	1.000%	0.850%	4.750%
2007	1.000%	1.100%	4.750%
2008	1.000%	1.150%	4.650%
2009	1.000%	1.150%	4.700%
2010	1.000%	1.150%	4.700%
2011	1.000%	1.150%	4.700%
2012	1.000%	1.150%	4.700%
2013	1.000%	1.150%	4.700%

Sources: Utah State Tax Commission
<http://www.tax.utah.gov/sales/rates.html>

CITY OF SOUTH JORDAN
Charges for Water Fees
 Last Ten Fiscal Years

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Water Sales	\$ 6,230,780	\$ 6,606,578	\$ 8,383,108	\$ 9,199,044	\$ 10,920,880	\$ 12,486,513	\$ 12,377,203	\$ 13,729,928	\$ 14,046,642	\$ 15,663,982
Secondary Water Sales	632,498	616,258	647,932	647,248	616,037	624,251	658,378	674,235	718,625	727,326
Other	239,491	280,920	436,678	381,542	2,158,750	660,966	443,352	456,633	503,425	553,151
Total Water Fund Revenue	\$ 7,102,769	\$ 7,503,756	\$ 9,467,719	\$ 10,227,836	\$ 13,695,667	\$ 13,771,730	\$ 13,478,932	\$ 14,860,796	\$ 15,268,692	\$ 16,944,459

Source: City of South Jordan

Note: Other includes Finance charges and Water Meter Sets

CITY OF SOUTH JORDAN

Direct and Overlapping Governmental Activities Debt

As of June 30, 2013

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
Salt Lake County	\$ 242,555,000	5.53%	\$ 13,401,233
Jordan School District	74,562,600	26.62%	19,845,395
South Valley Sewer District	-	30.56%	-
Central Utah Water Cons. District	266,515,000	3.23%	<u>8,614,574</u>
Subtotal overlapping debt			41,861,203
City direct debt			<u>34,306,979</u>
Total direct and overlapping debt			<u><u>\$ 76,168,182</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of South Jordan. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and business should be taken into account. However, this does not imply that every taxpayer is a resident-and therefore responsible for repaying the debt-of each overlapping government.

CITY OF SOUTH JORDAN
Legal Debt Margin Information
 Last Ten Fiscal Years
 (dollars in thousands)

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value	\$ 4,065,865
Debt limit (12% of assessed value)	487,904
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	\$ 487,904

	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Debt limit	\$ 184,763	\$ 207,087	\$ 233,417	\$ 311,500	\$ 438,853	\$ 513,589	\$ 460,296	\$ 492,287	\$ 481,838	\$ 487,904
Total net debt applicable to limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 184,763	\$ 207,087	\$ 233,417	\$ 311,500	\$ 438,853	\$ 513,589	\$ 460,296	\$ 492,287	\$ 481,838	\$ 487,904
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Salt Lake County Auditor's Office

Notes: Under state finance law, the City's outstanding general obligation debt should not exceed 12% of total assessed property value. Of this percent, a maximum of 4% may be used for general purpose. The remaining 8% and any unused portion of the 4% available for general purpose up to a maximum of 12% may be used for water, sewer, and electrical projects.

CITY OF SOUTH JORDAN
Pledged-Revenue Coverage
 Last Ten Fiscal Years
 (dollars in thousands)

Fiscal Year	Water Revenue Bonds				Special Assessment Bonds				Sales Tax Increment Bonds			
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service	Riverpark L.L.C.	Principal	Interest	Coverage	Debt Service	Use Tax	Principal	Interest
2004	\$ 7,073	\$ 4,602	\$ 2,471	\$ 110	\$ 786	\$ 300	\$ 486	1.00	\$ 345	\$ 3,255	\$ 706	3.10
2005	7,464	5,220	2,244	850	899	430	469	1.00	360	3,659	692	3.48
2006	9,366	5,307	4,059	875	710	265	445	1.00	370	4,926	679	4.70
2007	10,165	6,921	3,244	930	806	375	431	1.00	385	6,481	566	6.81
2008	11,883	7,807	4,076	1,115	805	395	410	1.00	450	7,174	564	7.07
2009	13,410	7,948	5,462	1,190	704	504	200	1.00	465	7,363	622	6.77
2010	13,207	8,644	4,563	1,705	704	501	203	1.00	870	7,470	906	4.21
2011	14,404	8,715	5,689	1,795	703	520	183	1.00	900	8,302	869	4.69
2012	14,765	9,734	5,031	1,900	703	540	163	1.00	945	9,047	830	5.10
2013	16,391	9,898	6,493	2,050	704	561	143	1.00	485	9,816	720	8.14

CITY OF SOUTH JORDAN

Pledged-Revenue Coverage (continued)

Last Ten Fiscal Years

(dollars in thousands)

Fiscal Year	MBA Lease Revenue Bonds				Excise Tax Road Bond				Tax Increment Revenue Bond			
	Sales and Use Tax		Debt Service		Class C Road Funds		Debt Service		Project Revenues		Debt Service	
	Use Tax	Principal	Interest	Coverage	Revenue	Principal	Interest	Coverage	Revenues	Principal	Interest	Coverage
2004	\$ 640	\$ 226	\$ 414	1.00	\$ 1,308	\$ 255	\$ 107	3.61	\$ 378	-	\$ 154	2.46
2005	724	325	399	1.00	1,415	265	95	3.93	464	176	150	1.42
2006	2,026	1,435	591	1.00	1,324	280	82	3.65	-	-	-	-
2007	2,179	1,465	714	1.00	1,587	290	69	4.42	-	-	-	-
2008	2,173	1,505	668	1.00	1,711	305	55	4.75	-	-	-	-
2009	1,170	550	620	1.00	1,584	320	41	4.39	1,871	942	255	1.56
2010	1,167	565	602	1.00	1,648	335	25	4.57	1,954	775	453	1.59
2011	1,168	585	583	1.00	1,769	350	9	4.93	1,446	809	419	1.18
2012	1,173	610	563	1.00	-	-	-	-	1,714	844	383	1.40
2013	444	155	289	1.00	-	-	-	-	1,700	859	346	1.41

Source: The City of South Jordan

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

CITY OF SOUTH JORDAN
Demographic and Economic Statistics
 Last Ten Calendar Years

Calander Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2004	36,313	\$ 781,497,383	\$ 21,521	3.3%
2005	39,777	902,075,716	22,678	2.8%
2006	43,556	1,054,287,865	24,205	2.3%
2007	46,157	1,199,566,033	25,989	1.6%
2008	48,098	1,197,864,419	24,905	1.9%
2009	49,382	1,204,495,728	24,391	2.7%
2010	50,333	1,297,566,499	25,780	4.3%
2011	50,418	1,395,029,694	27,669	6.4%
2012	53,902	1,520,582,366 *	28,210	5.8%
2013	56,132	1,657,434,779 *	29,527	4.8%

Sources: Population info from South Jordan Community Development Dept
 Unemployment rate - www.bls.gov/data/home.htm (June's numbers)
 Personal income - <http://tax.utah.gov/econstats/income/fed-returns-2000>

* 2012 and 2013 personal income amounts not available; estimated based on average increase from previous years

CITY OF SOUTH JORDAN

Principal Employers

Current Year and Ten Years Ago

<u>Employer</u>	<u>2013</u>			<u>2004</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Jordan School District	1,303	1	6.39%	897	2	7.85%
Ultradent Products	1,104	2	5.41%	680	4	5.95%
Merit Medical	1099	3	5.39%	850	3	7.44%
Rio Tinto	605	4	2.97%			
Extend Health	462	5	2.26%			
South Jordan City	453	6	2.22%	287	5	2.51%
Wal-Mart Supercenter	413	7	2.02%			
Morgan Stanley Smith Barney	400	8	1.96%			
Dealer Track Systems	367	9	1.80%			
University of Utah Healthcare	333	10	1.63%			
Convergys				1,600	1	14.00%
Altius Health Plans				170	6	1.49%
Harmons				120	7	1.05%
Ikon Office Solutions				100	8	0.87%
Smith's Food and Drug Center				85	9	0.74%
Total	<u><u>6,539</u></u>		<u><u>32.05%</u></u>	<u><u>4,789</u></u>		<u><u>34.04%</u></u>

Source: The City of South Jordan

CITY OF SOUTH JORDAN

Full-time-Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

Function/Program	Full-time-Equivalent Employees as of June 30									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007¹</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government	6.00	5.50	9.75	8.25	8.25	10.25	10.25	10.25	9.16	9.22
Management Services	20.50	18.50	20.50	23.00	32.00	19.00	19.00	17.00	19.00	17.00
Finance	4.00	7.00	5.00	8.00	9.00	11.00	8.00	9.00	7.00	9.00
Planning	6.00	9.00	7.00	5.00	4.50	4.50	6.00	6.00	7.00	7.00
Building	7.00	8.00	8.00	10.00	8.00	8.00	9.00	12.00	12.00	13.00
Legal ²				6.00	6.00	7.00	7.00	6.00	6.48	6.45
Municipal Court ²				7.80	6.00	6.00	8.00	7.00	6.04	6.15
Other	7.00	7.00	7.00	11.00	15.00	24.00	22.00	19.00	23.00	24.34
Police										
Officers	37.00	43.00	41.00	48.00	50.00	49.00	48.00	50.00	47.00	50.00
Civilians	13.75	18.50	19.25	10.75	10.75	11.75	10.75	8.91	14.06	14.42
Fire										
Firefighters and Officers	34.00	34.00	44.00	42.00	46.00	46.00	45.00	47.00	45.18	47.30
Civilians	0.00	0.50	1.50	2.00	2.00	2.00	2.00	1.34	1.00	1.00
Refuse Collections	1.00	1.00	1.00	2.00	3.00	2.00	2.00	2.00	2.00	2.00
Other Public Works										
Engineering	11.00	12.75	15.50	19.50	20.00	20.00	19.00	18.00	17.00	16.00
Streets ²				12.00	12.00	13.00	12.00	12.00	13.00	13.16
Storm Drain ²				5.00	8.00	10.00	8.00	8.00	8.00	9.16
Other	20.00	32.00	39.00	12.00	11.00	11.00	13.00	13.00	14.00	13.37
Redevelopment	1.50	1.50	1.00	1.00	2.00	1.00	1.00	1.00	2.00	2.00
Parks and Recreation	22.00	76.00	76.50	45.50	53.25	47.00	50.25	58.25	72.91	66.80
Water	14.00	14.00	14.00	17.00	17.00	19.00	19.00	18.00	19.00	18.16
Total	204.75	288.25	310.00	295.80	323.75	321.50	319.25	323.75	344.83	345.53

Source: The City of South Jordan HR Department

¹ Reporting modified to match actual City budgets, breakout additional functions, and not include seasonal employees

² New function breakout

CITY OF SOUTH JORDAN
Operating Indicators by Function/Program
Last Ten Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General government										
Building permits issued	1,380	1,522	1,772	1,678	1,397	1,064	1,086	1,058	1,296	1,611
Building inspections conducted	29,077	34,368	46,760	55,350	47,269	41,852	52,873	37,178	50,533	54,680
Police										
Physical arrests	1,060	988	1,008	984	1,118	1,248	960	927	799	810
Parking violations	246	454	586	902	601	401	558	490	381	624
Traffic violations	13,785	14,179	12,485	11,466	12,882	11,892	10,395	10,327	9,247	8,712
Fire										
Emergency responses	1,790	1,886	2,174	2,256	2,315	2,472	2,401	2,546	2,020	2,561
Fires extinguished	147	132	134	146	121	123	807	981	110	84
Inspections	1,669	2,148	2,860	2,127	951	1,474	1,237	1,537	272	693
Other public works										
Street resurfacing (miles)	3	4	6	39	2	13	2	3	7	26
Potholes repaired	1,876	1,934	2,080	1,700	14,720	10,200	12,000	2,400	996	501
Parks and recreation										
Athletic field permits issued	6	6	6	7	8	6	7	8	7	7
Community center admissions	5,109	5,262	5,420	7,590	11,364	14,176	16,433	18,011	22,263	22,144
Water										
New residential connections	275	801	808							
New commercial connections	5	19	97							
New connections	280	820	905	1,035	872	689	1,180	840	726	673
Water main breaks	150	150	132	74	126	222	35	130	117	77
Average daily consumption (thousands of gallons)	8,014	7,645	9,547	12,431	11,378	10,587	10,484	9,659	10,830	13,417
Peak daily consumption (thousands of gallons)	18,433	17,583	22,148	24,194	27,139	25,382	26,523	27,317	25,370	30,080

Source: The City of South Jordan

Note: Community Center admissions is an estimate

CITY OF SOUTH JORDAN

Capital Asset Statistics by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Police										
Stations	1	1	1	2	2	2	2	2	2	2
Sub station	1	1	1	-	-	-	-	-	-	-
Patrol units	38	44	44	49	51	52	52	52	52	52
Fire Stations	2	2	2	2	2	2	2	2	2	2
Other public works										
Streets (City-maintained miles)	160	170	185	195	207	216	220	222	225	243
Streetlights	2,150	2,477	3,785	3,965	4,096	4,230	4,355	4,521	4,756	5,001
Storm drain (miles)	92	100	104	117	123	125	125	126	127	118
Traffic signals	10	10	12	15	12	13	10	15	15	26
Parks and recreation										
Acreage	260	298	388	388	388	400	400	400	400	400
Playgrounds	14	15	16	16	16	16	18	18	20	20
Baseball/softball diamonds	9	9	9	9	9	10	10	10	10	10
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Basketball/tennis courts	9	11	11	11	11	11	12	12	12	12
Fishing ponds	-	2	2	2	2	2	2	2	2	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Culinary water lines (miles)	187	219	244	267	277	279	306	310	313	320
Irrigation water lines (miles)	86	93	95	101	157	161	98	98	167	115
Fire hydrants	1,894	2,115	2,416	2,475	2,672	2,805	2,836	2,897	2,929	3,091
Storage capacity (thou. of gallons)	-	14,000	14,000	18,000	18,000	18,000	18,000	33,600	33,600	33,600

Source: The City of South Jordan

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Internal Control and Compliance Reports

P B T K

PIERCY BOWLER
TAYLOR & KERN

Certified Public Accountants
Business Advisors

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Honorable Mayor and Members of the City Council
City of South Jordan, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan (the City) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated October 25, 2013.

Internal Control over Financial Reporting. In planning and performing our audit of the basic financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

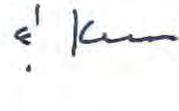
A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's basic financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters. As part of obtaining reasonable assurance about whether the City's basic financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the City in a separate letter dated October 25, 2013.

Purpose of this Report. The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Penny Bowler Taylor 

Salt Lake City, Utah
October 25, 2013

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