

# The City of South Jordan

*Annual Report to the Community  
For the Fiscal Year Ended June 30, 2013*

## Purpose of Report

The Community Report, also known as a Popular Annual Financial Report (PAFR), is an unaudited summary report of the financial activities of the City and is prepared primarily from detailed information contained in the City's 2013 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years. Information is also derived from the City's fiscal year 2014 budget.

The CAFR is prepared in accordance with generally accepted accounting principles (GAAP) and includes audited financial statements. As such, it provides much more detail as well as full disclosure of all material events, both financial and non-financial. The GAAP presentation also includes the City's component units (related organizations) and information on individual funds.

The information in the CAFR by its nature can be technical and complex and as such not as useful to citizens wishing to gain an overview of the City's finances. The PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial condition of the City, without the heavy use of technical accounting terms or excessive detail. The PAFR is not intended to provide a complete financial picture of the City in accordance with GAAP.

Questions or feedback concerning any of the information provided in this report or requests for additional financial information should be directed to the City's Finance Department via mail to 1600 West Towne Center Drive, South Jordan, UT 84095, via e-mail to [kmaurer@sjc.utah.gov](mailto:kmaurer@sjc.utah.gov), or via telephone at (801) 254-3742.

Financial reports are available at:  
<http://www.sjc.utah.gov/finance.asp#reports>

### Fast Facts

Population	56,132
Median Household Income	\$90,743
Median Age	29.9
Full Time Equivalent Employees	345.53
Land Area (Square Miles)	22.05



## Table of Contents

<i>Purpose of Report</i>	1
<i>Elected/Appointed Officials</i>	2
<i>Organizational Chart</i>	3
<i>Financial Summary</i>	4
<i>Where the Money Comes From</i>	6
<i>Sales Tax</i>	7
<i>Property Tax</i>	8
<i>Where the Money Goes</i>	9
<i>What We Owe</i>	10
<i>Glossary</i>	11

## Service Values

- To astonish the customer, not just to satisfy the customer
- Only the non-complacent thrive
- Actions speak louder than words
- The best team polices itself
- Expectation + Ownership = Ultimate Motivation
- Employees have to understand the business
- Build a team of big thinkers
- Change is the status quo
- Stay small as you grow
- Propagate the culture

# Elected and Appointed Officials

## Elected Officials:



Mayor  
Scott L. Osborne



Councilmember  
Mark Seethaler



Councilmember  
Chuck Newton



Councilmember  
Brian C. Butters



Councilmember  
Steve Barnes



Councilmember  
Larry Short

## Appointed Officials:

City Manager - John H. Geilmann

Assistant City Manager - I. Robert Wall

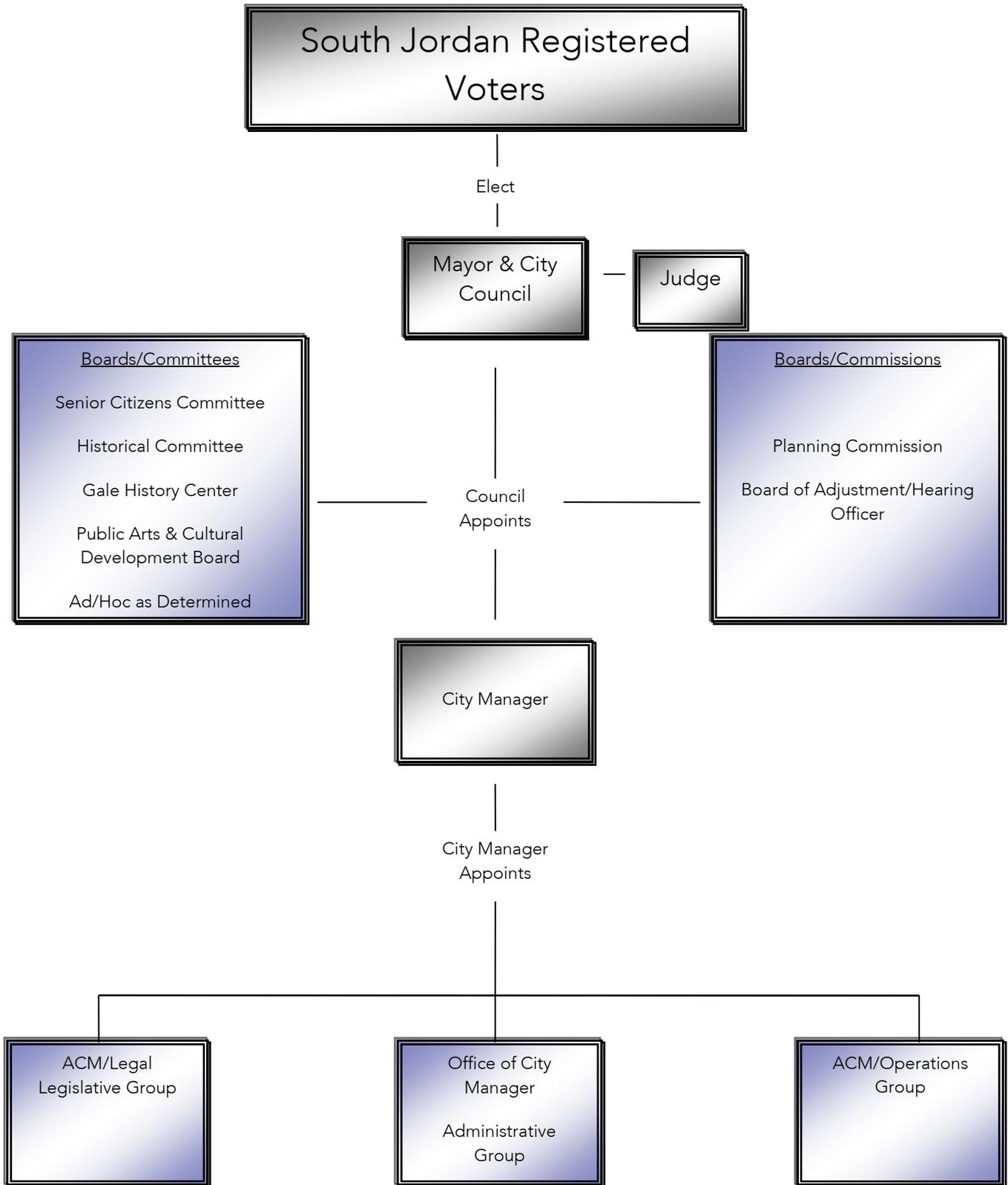
Assistant City Manager - Gary L. Whatcott

Municipal Court Judge - Clinton E. Balmforth

City Treasurer - Amy Harrington

City Recorder - Anna West

# Organizational Chart



# Financial Summary 2013

## Trends

Fiscal year 2013 saw increased revenues related to development and continued increase in sales tax revenues. The City was recently named by the U.S. Census Bureau as the second-fastest growing city in the United States from July 1, 2011 to July 1, 2012. As the City continues to grow, increased demands are placed on services. The City has adopted a conservative approach to the expansion of City 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 expenditures. While revenues have increased, the City saw reduced development-related revenue during the recession, and a backlog of capital project needs must be addressed. Addressing these capital project needs will take many years and an improving economy.

Moody's investor service recently affirmed its current United States 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 im-

portant 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 it must create its own economy by increased economic development and not rely on state or federal resources.

## Challenges and Opportunities

- 1) Infrastructure – Because the City has and continues to substantially grow, the City's infrastructure ranges from new and needing little maintenance to aged and requiring significant maintenance.
- 2) Understanding and utilizing technology – The City recognizes there are gaps that need to be filled to incorporate technology as a means of stakeholder interaction with the City.
- 3) Economic growth – The City realizes there is not an unlimited access to external resources. The City needs to create its own economy through economic development growth and a balancing of residential growth.
- 4) Maintaining an "actively engaged" workforce – Organizations with "actively engaged" workforces thrive. The City is focused on maintaining a high level of engagement from City personnel.
- 5) Publicizing differences between the Federal government and the City's government – Negative impressions of the Federal government are unfairly transferred to a similar belief about the operation of the City of South Jordan. A challenge and opportunity exists in replacing that negative belief with the reality that South Jordan is not the Federal government and is sound both fis-

## Capital Asset Statistics

Miles of City-maintained streets	243
Number of streetlights	5,001
Miles of storm drain	118
Number of traffic signals	26
Acres of parks	400
Number of playgrounds	20
Number of baseball/softball diamonds	10
Number of soccer/football fields	9
Number of basketball/tennis courts	12
Number of fishing ponds	3
Miles of culinary water lines	320
Miles of irrigation water lines	115
Number of fire hydrants	3,091
Water storage capacity (1000's of gal)	33,600

# Financial Summary 2013 Cont.

cally and in the services it provides to the public.

## Reserves

The City recognizes adequate reserves are necessary to ensure the City's fiscal sustainability. In general, fund balances are accumulated for the following purposes:

- Adequate funds for emergencies or unexpected events
- To secure the City's debt and related bond ratings
- To meet requirements for liabilities already incurred but not paid
- To avoid short-term debt
- To provide for planned and unplanned capital expenditures

As of June 30, 2013, the City had unassigned fund balance in the general fund (the City's main operating fund) of \$5,988,567. This is an increase of \$800,000 from fiscal year 2012. Utah state law allows any balance in excess of 5 percent of the total revenues to be used for budget purposes. The maximum fund balance allowed is 25 percent of next fiscal year's estimated revenues. The general fund balance is currently at 20.1 percent of next year's budgeted revenues. The City Council is committed to increasing fund balance over time to

the maximum amount allowed by state law.

## Debt

The City's total bonded debt outstanding decreased by \$4,240,000 during fiscal year 2013, which represents a 5.9 percent decrease. This decrease was accomplished through regularly scheduled debt service payments. The City did not issue bonded debt during the fiscal year. Additional information regarding the City's debt can be found on page 10 ("What We Owe").

## Recent Bond Ratings

Bond	Fitch	Standard & Poor's
2006 Sales Tax Revenue	AA+	
2008 Sales Tax Revenue	AA+	AA
2009 Water Revenue		AA
2011 MBA Lease Revenue	AA	AA
General Obligation (Implied)	AAA	

## Priorities for Fiscal Year 2014

The City will focus on the following strategic planning opportunities in 2014:

- 1) City capital and infrastructure improvements
- 2) Workforce planning and staffing
- 3) A City-wide performance management system

## Financial Awards

Number of Certificate of Achievement for Excellence in Financial Reporting	27
Number of Distinguished Budget Presentation Awards	20

*\*Awards are from the Government Finance Officers Association*

# Where the Money Comes From

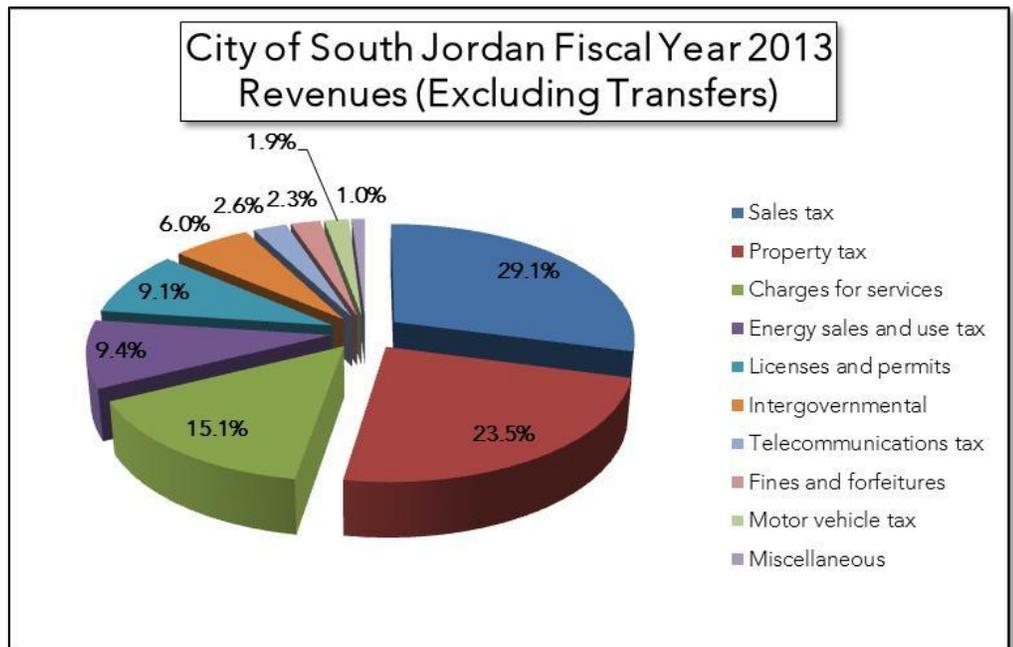
The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds. The City is funded through two basic categories of revenue: taxes and fees. Tax revenue is primarily used to pay for such services provided to the public in general such as police, fire, streets, and parks.

City of South Jordan Fiscal Year 2013 and 2012 General Fund Revenues				
Category	2013 Amount	Percent	2012 Amount	Percent
Sales tax	\$ 9,815,735	29.1%	\$ 9,047,468	27.8%
Property tax	7,906,081	23.5%	7,643,334	23.5%
Charges for services	5,074,340	15.1%	5,163,793	15.9%
Energy sales and use tax	3,181,151	9.4%	2,793,820	8.6%
Licenses and permits	3,062,607	9.1%	2,207,553	6.8%
Intergovernmental	2,036,303	6.0%	1,908,847	5.9%
Telecommunications tax	869,378	2.6%	921,270	2.8%
Fines and forfeitures	769,367	2.3%	827,665	2.5%
Motor vehicle tax	635,496	1.9%	621,687	1.9%
Miscellaneous	338,679	1.0%	1,364,268	4.2%
<b>Total Before Transfers</b>	<b>\$ 33,689,137</b>	<b>100.0%</b>	<b>\$ 32,499,705</b>	<b>100.0%</b>
Transfers In	134,568		372,569	
<b>Total After Transfers</b>	<b>\$ 33,823,705</b>		<b>\$ 32,872,274</b>	

The City also provides services that benefit specific groups of citizens for which a specific fee is charged which is intended to pay for all or part of the costs incurred.

The principal sources of revenue for the general fund are:

- Taxes (property, sales, etc.)
- Licenses and permits
- Charges for services
- Fines and forfeitures
- Intergovernmental revenues

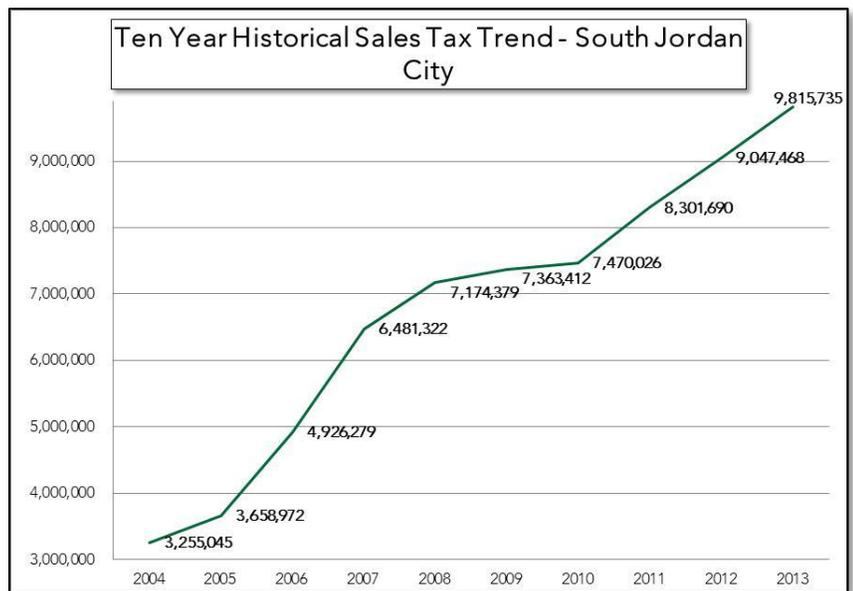
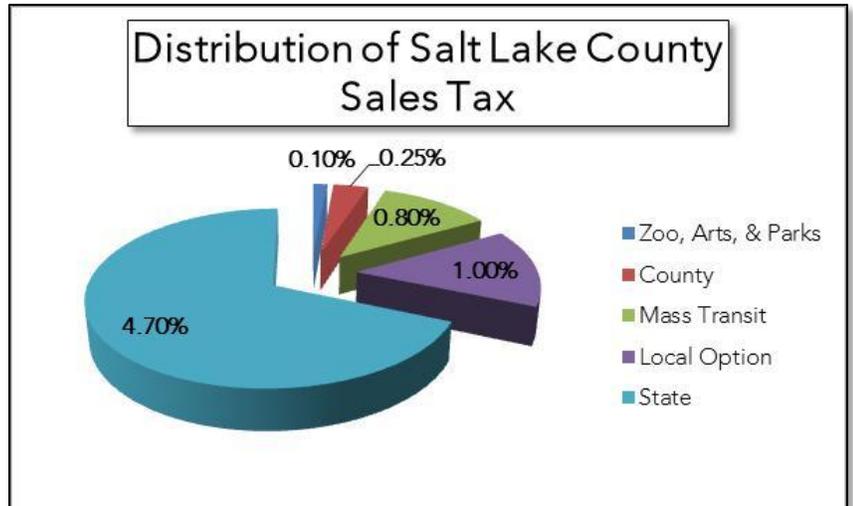


# Sales Tax

Sales tax is the largest source of revenue in the general fund. Of the total 6.85 percent collected by the State Tax Commission on sales within South Jordan, one percent is allocated for distribution to local governments. The remaining 5.85 percent is distributed to the State of Utah (4.70 percent), mass transit (0.80 percent), Salt Lake County (0.25 percent), and Zoo, Arts, & Parks (ZAP) (0.10 percent).

The City has seen a substantial increase in sales tax revenue over the past ten years, going from \$3.3 million in fiscal year 2004 to \$9.8 million in fiscal year 2013. As the City's population increased faster than the general state population, the City received a larger percentage of the amount allocated to local governments. In addition, the City has been committed to increasing commercial development within City boundaries, which has also contributed to the sales tax increase.

Increases in sales tax revenue have allowed the City to not raise property taxes since 2007. Since property tax does not have built-in inflationary measures (such as cost of living increases), other revenue sources are necessary to cover natural inflationary pressures the City faces as it provides services to its citizens and the community.



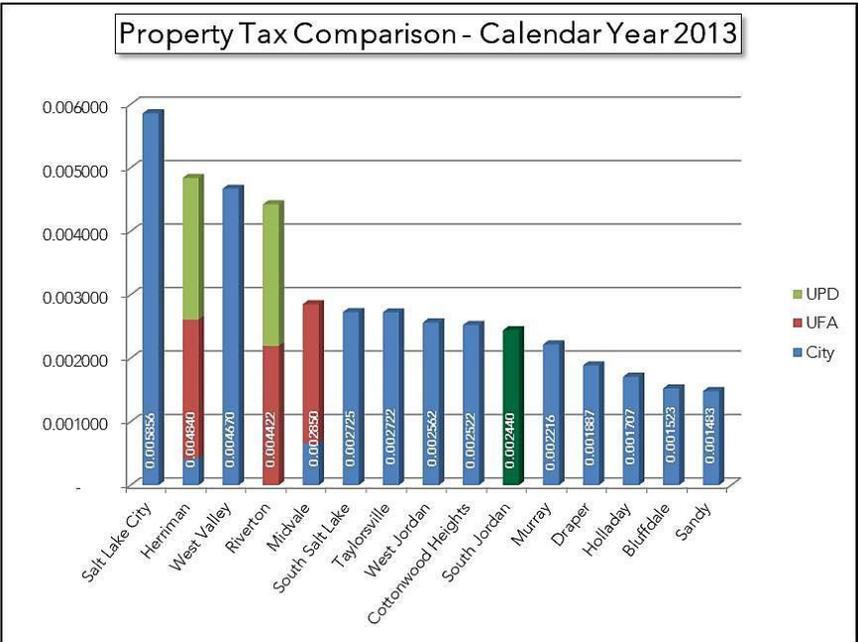
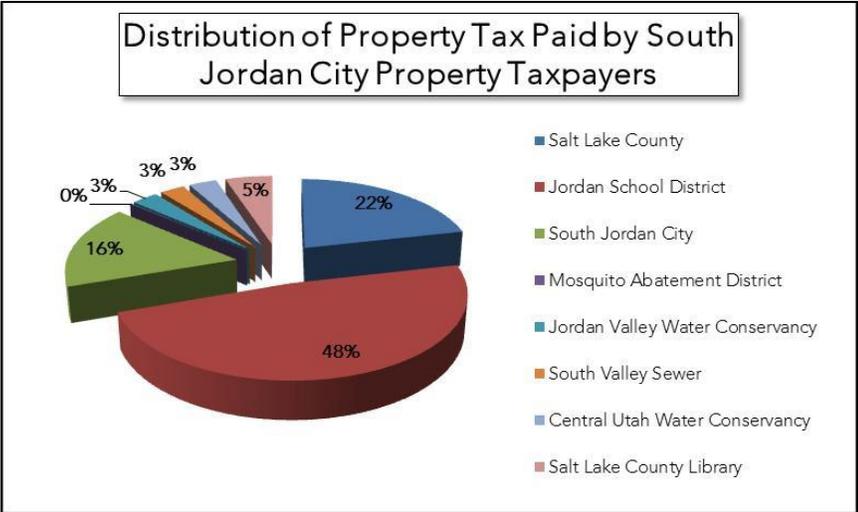
Sales Tax Information	
Percentage of general fund revenue	29.1% (27.8% 2012)
Distribution of local option (1 percent)	0.50% based on percentage of statewide population, 0.50% paid to City
Sales tax increase fiscal year 2012 to 2013	8.5%

# Property Tax

Property tax is the second largest source of revenue in the general fund (after sales tax). The value of property is determined by the County Assessor.

State statutes require each year a certified tax rate be calculated. This certified rate is the rate which will provide the same amount of property tax revenue as was charged in the previous year excluding the revenue generated by new growth. If the City determines that it needs greater revenues than the certified tax rate will generate, the City will go through a process called "Truth in Taxation." The Truth in Taxation statute requires an entity to go through a series of steps which include proper notification of the proposed tax increase and a public hearing. The City has not undergone "Truth in Taxation" since 2007.

Actual property tax paid by residents may vary by year depending on many factors. One factor is the assessed value of a property relative to other properties in the same tax district. Another factor is if individual taxing entities have raised or lowered their tax rates.



Property Tax Information	
Residential exemption	45% of assessed value
South Jordan City property tax rate	0.002440
Total tax rate (all taxing entities)*	0.014794
Percentage to South Jordan City	16.5%
Percentage to Jordan School District	48.2%
Total tax paid on a \$300,000 home	\$2,441
Portion of tax paid to South Jordan City	\$403

\*Based on most common taxing entities. May vary by taxing district.

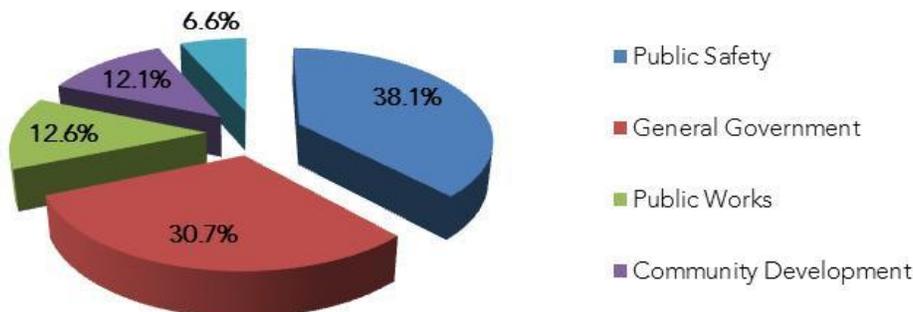
# Where the Money Goes

In the general fund, revenues are spent on public safety, general government, public works, community development, parks, recreation, and culture. In addition, revenues are transferred to other funds to pay for capital projects and debt service.

Overall, general fund expenditures remained relatively flat from fiscal year 2012 to 2013. Expenditures remained flat despite a merit wage increase ranging 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 City is committed to remaining fiscally conservative and is always exploring ways to provide excellent services to stakeholders at the most efficient cost.

City of South Jordan Fiscal Year 2013 and 2012 General Fund Expenditures				
Category	2013 Amount	Percent	2012 Amount	Percent
Public Safety	\$ 10,138,529	38.1%	\$ 9,898,234	37.2%
General Government	8,164,613	30.7%	8,321,813	31.2%
Public Works	3,347,241	12.6%	3,519,878	13.2%
Community Development	3,233,241	12.1%	3,047,669	11.4%
Parks, Recreation, and Culture	1,750,499	6.6%	1,848,628	6.9%
<b>Total Before Transfers</b>	<b>\$ 26,634,123</b>	<b>100.0%</b>	<b>\$ 26,636,222</b>	<b>100.0%</b>
Transfer Out - Capital Projects Fund	\$ 6,156,060		\$ 3,718,774	
Transfer Out - Debt Service Fund	71,372		2,459,368	
Transfer Out - Fitness Center	63,421		130,000	
<b>Total After Transfers</b>	<b>\$ 32,924,976</b>		<b>\$ 32,944,364</b>	

City of South Jordan Fiscal Year 2013  
Expenses (Excluding Transfers)



*General Government includes administration, finance, community services, legal, government services, and emergency & risk management.*

# What We Owe

As of June 30, 2013, the City's long-term obligations totaled \$70,389,549, which is comprised of \$35,929,785 for governmental activities and \$34,459,764 for business-type activities. Of this total, \$6,142,087 is due within one year. The long-term obligations of the City included bonded debt pledged by specific revenue sources (such as sales tax and RDA tax increment), capital leases, employee compensated absences (accrued vacation and compensatory time), and claims & judgments.

City of South Jordan						
Debt Outstanding as of June 30, 2013						
	Governmental Activities		Business-Type Activities		Total	
	Amounts Due		Amounts Due		Amounts Due	
	Payable At	Within One	Payable at June	Within One	Payable at June	Within One
	June 30, 2013	Year	30, 2013	Year	30, 2013	Year
Sales Tax Bonds	\$ 16,085,000	\$ 505,000			\$ 16,085,000	\$ 505,000
Special Assessment Bonds	3,144,000	582,000			3,144,000	582,000
RDA Tax Increment Bonds	7,013,000	897,000			7,013,000	897,000
MBA Lease Revenue Bonds	6,725,000	525,000	5,110,000	230,000	11,835,000	755,000
Water Revenue Bonds			29,250,000	2,050,000	29,250,000	2,050,000
Capital Lease	189,794	93,134			189,794	93,134
Compensated Absences	1,622,806	960,730	99,764	69,186	1,722,570	1,029,916
Claims & Judgements	1,150,185	230,037			1,150,185	230,037
<b>Total Long-Term Obligations</b>	<b>\$ 35,929,785</b>	<b>\$ 3,792,901</b>	<b>\$ 34,459,764</b>	<b>\$ 2,349,186</b>	<b>\$ 70,389,549</b>	<b>\$ 6,142,087</b>

Below is a table comparing South Jordan City's debt ratios to other municipalities within Salt Lake County. Smaller municipalities and municipalities that contract out many of their services were excluded in order to provide a more meaningful comparison.

Debt Ratio Comparison to Salt Lake Valley Municipalities (Fiscal Year 2012, Except as Noted)													
	Salt Lake City	West Valley	Herriman	Midvale	Sandy	Holladay	South Salt Lake	Draper	South Jordan 2013	South Jordan 2012	Riverton	West Jordan	Murray
Governmental activities debt per capita	1,592	1,085	1,034	1,021	818	788	705	686	611	664	462	219	218
Total governmental activities debt as a % of estimated value of property	1.25%	2.74%	1.42%	1.22%	0.77%	0.53%	0.69%	0.57%	0.55%	0.58%	0.58%	0.03%	0.17%
Total City debt per capita	2,043	1,158	1,800	1,698	1,070	788	805	755	1,223	1,342	817	235	759
Total City debt as a % of personal income	4.60%	6.14%	7.53%	8.90%	3.13%	6.28%	6.12%	2.52%	4.14%	4.69%	4.32%	0.61%	1.97%

Source: Fiscal year 2012 CAFR for each City (Herriman, Midvale, Holladay, and Bluffdale based on financial statement information and Tax Commission data)

The City uses multiple funding sources to fund debt service payments. These funding sources may be different than the revenue stream pledged. To the right is a summary of funding sources for each debt type.

City of South Jordan	
Funding Source by Debt Type	
Debt Type	Funding Source
Sales Tax Bonds	Sales taxes, RDA tax increment, impact fees, reimbursement
Special Assessment Bonds	Developer assessment
RDA Tax Increment Bonds	RDA tax increment
MBA Lease Revenue Bonds	RDA haircut, Mulligan's
Capital Lease	Fleet equipment fund
Compensated Absences	General fund revenues (majority)
Claims & Judgements	General fund revenues (majority)
Water Revenue Bonds	Water user fees, impact fees

# Glossary

**Business-Type Activities** – The City’s activities that are funded primarily through user charges. Business-type activities include water operations, Mulligan’s Golf and Games, and sanitation. These areas are designed to be self-supporting and do not use general tax revenue.

**Claims & Judgments** – The amount of claims and judgments the City is liable for as of June 30, 2013. The City pays these incurred claims back to the City’s insurance carrier over 5 years at zero percent interest.

**Compensated Absences** – Under generally accepted accounting principles, the City is required to accrue employee’s earned time off for vacations and compensatory time.

**Defined Benefit Plan** – A type of pension plan where a sponsoring agency promises a specified monthly benefit on retirement. The City and employee both make defined benefit contributions to Utah Retirement Systems ([www.urs.org](http://www.urs.org)).

**Fund** – A self-balancing set of accounts, segregated for specific purposes in accordance with laws and regulations or special restrictions and limitations.

**General Fund** – The chief operating fund of the City, accounts for all financial resources not accounted for and reported in another fund.

**General Obligation Bonds** – A form of government debt that is backed by the full faith and credit of the government.

**Government Finance Officers Association (GFOA)** – Organization whose mission is to promote the professional management of govern-

ments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

**Governmental Activities** – Functions of the City that are funded primarily through taxes and inter-governmental revenues. User charges do not fund a significant amount of the functions.

**Per Capita Personal Income** – An estimate of an individual’s income from all sources for all individuals residing in the City of South Jordan, calculated from data provided by the Utah State Tax Commission.

**Unassigned Fund Balance** – Generally accepted accounting principles require fund balances to be segregated according to constraints or restrictions in place. Unassigned fund balance in the General Fund has the least amount of constraints.

## City’s Major Employers:

<i>Jordan School District</i>	<i>1,303</i>
<i>Ultradent Products</i>	<i>1,104</i>
<i>Merit Medical</i>	<i>1,099</i>
<i>Rio Tinto</i>	<i>605</i>
<i>Extend Health</i>	<i>462</i>
<i>South Jordan City</i>	<i>453</i>
<i>Wal*Mart Supercenter</i>	<i>413</i>
<i>Morgan Stanley Smith Barney</i>	<i>400</i>
<i>Dealer Track Systems</i>	<i>367</i>
<i>University of Utah Healthcare</i>	<i>333</i>