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NEWS RELEASE

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FOR IMMEDIATE RELEASE

SOUTH JORDAN, UT – May 19, 2014

Due to concerns raised by residents regarding the accuracy of recently released financial statements for Mulligans, a recreation facility owned and operated by the City of South Jordan, the City of South Jordan is issuing the following statement:

The accounting information that served as the basis for the Mulligans financial report comes from South Jordan's Comprehensive Annual Financial Reports (CAFR), which have won recognition from the Government Finance Officers Association for nearly three decades in a row. The information was always public, always available and published, and presented to the Mayor and City Council annually in a public meeting. The information which served as the basis of the report has all been audited annually by professional auditing firms in accordance with local ordinance, State law, and government finance best practices.

As Mulligans is run like a business, in that patrons are required to pay to use the facility unlike a public park, in evaluating the Mulligans property, the City's objective was to determine whether or not there was a business case for continuing to operate it under this paradigm. In order to make that evaluation and to determine the actual cash flow cost of running Mulligans, the Comprehensive Annual Financial Report statements were converted to a modified accrual basis of accounting. The major differences between the audited full accrual statements and the modified accrual statements are the following:

- The principal portion of the bond payment was recognized on the income statement (on full accrual, the principal portion of the bond is directly offset against the liability).
- Depreciation was removed in the modified accrual statements (depreciation is only recognized on full accrual).
- Certain minor bond amortization costs were removed from the modified accrual statements (bond amortization costs are only reflected in the full accrual statements).
- On the modified accrual statements, the City charged for items that the City has not previously been charging for including water, administrative fees, and insurance. These are the cost drivers that demonstrate that Mulligan's does not meet all of its expenses from a business perspective.

A group of residents have viewed these differences as misleading; however the differences in the method of accounting mentioned previously account for and explain the alleged discrepancies. The City of South

Jordan is annually audited by an outside organization. The City has an Audit Committee which reviews the findings of the audit and the City follows applicable law and best practices for its accounting procedures. The Mayor and City Council requested the May 6th presentation so that residents could have an opportunity to evaluate the financial operations of Mulligans from a business perspective.

The Mayor and City Council are committed to continuing to work with and hear from residents on the issue of Mulligan's and other issues. While State law allows certain discussions about real estate to be held in a closed session by an elected body, the City Council has held several public discussions in study meetings and regular meetings for the public to attend and participate in. An important perspective to keep in mind is that there will always be residents that agree with a decision made by an elected body and residents that disagree with a decision made by an elected body.

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The City of South Jordan, one of the fastest growing cities in the United States, is located 20 miles southwest of Salt Lake City, and home to 58,000 residents. In 2010 and 2012, South Jordan was named the #18 "Best Place to Live in America" by Money Magazine.