# Purpose of This Report

This report provides a simplified overview of the City of South Jordan’s financial activities. It includes key financial information organized into sections that highlight different aspects of the City’s financial operations.

# City Organization

This section outlines the organizational structure of the City, including its departments and the roles of different officials.

# Elected Officials

This section provides information on the elected officials who govern the City, including their roles and responsibilities.

# Financial Reporting Awards

The City has received various awards for its financial reporting, reflecting a commitment to transparency and accountability.

# Where the Money Comes From

This section details the primary sources of revenue for the City, including property tax dollars and sales tax dollars.

# Where Did the Money Go

This section outlines how the City spends its revenue, providing a snapshot of its financial allocations.

# Property Tax Dollars

A detailed breakdown of how property tax dollars are used by the City.

# Sales Tax Dollars

A detailed breakdown of how sales tax dollars are used by the City.

# Combined Financial Statements

Combined financial statements provide an integrated view of the City’s financial performance.

# What We Owe

This section details the City’s outstanding liabilities, which are its debts and obligations.

# Getting to know South Jordan

This section provides background information about the City, including its history, key demographics, and economic indicators.

# Glossary

A glossary section defines key terms and concepts related to the City’s financial operations.

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### What is the PAFR?

The City of South Jordan’s 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 audited 2017 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared for earlier years. Information is also derived from the City’s fiscal year 2017 budget.

The CAFR provides a more detailed and complete financial presentation prepared according to generally accepted accounting principles (GAAP). The CAFR provides much more detail as well as full disclosure of material events, both financial and non-financial. The GAAP presentation also includes the City’s component units (related organizations) and fiduciary funds, along with information on individual funds.

This PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial picture 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 should be directed to the City’s Finance department at (801) 446-HELP.

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The Complete City Budget and Comprehensive Annual Financial Report are available at the City of South Jordan’s Finance Department website at: www.sjc.utah.gov/finance/.
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The Government Finance Officers Association (GFOA) was founded in 1906 and represents public finance officials throughout the United States and Canada. The GFOA’s mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. The GFOA has established several highly regarded professional recognition programs to encourage and assist state and local governments of all types and sizes to improve the quality of their financial management and to recognize their achievement.

- **Award for Outstanding Achievement in Popular Annual Financial Reporting**—The Government Finance Officers Association of the United States and Canada (GFOA) has given an Award for Outstanding Achievement in Popular Annual Financial Reporting to the City of South Jordan for its Popular Annual Financial Report for the fiscal year ended June 30, 2016. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of South Jordan has received a Popular Award for the last 4 consecutive years 2013-2016. We believe that our current PAFR continues to conform to Award for Outstanding Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another Award.

- **Certificate of Achievement for Excellence in Financial Reporting**—The City of South Jordan’s comprehensive annual financial reports for the years ended 2015-2016, from which the information on pages 4-13 has been drawn, were awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). This was the 31st consecutive year the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (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. We believe that our current CAFR continues to conform to the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.

- **Distinguished Budget Presentation Award**—Finally, the GFOA presented a Distinguished Budget Presentation Award to the City for its annual budget for the fiscal year beginning July 1, 2016. This was the 23rd consecutive year the City has received this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year. The City has submitted an application for this award for the fiscal year beginning July 1, 2017.
Where Did the Money Come From? - Governmental Fund Revenue

Funding in the City of South Jordan and the services provided to residents comes from many sources. In 2017, the City’s general government revenues totaled $67,484,235. The majority of total general government revenue comes from taxes (62.3%), with sales, use and property tax totaling 83.23 percent of all tax revenue. The City also receives revenue from charges for services (charges to the public for services the City provides), grants, intergovernmental revenue, fines, interest, and various other revenue streams. The City’s growth (particularly in sales tax revenue) has allowed the City to not raise property taxes since 2007 (property tax revenue does not have built-in inflationary increases). In total, 2017 revenue increased $4,577,293 when compared to 2016 (Increase of 7.28 percent), this can largely be attributed to increased sales and use tax revenue ($1,540,965), increased interest revenue ($328,673), and increased miscellaneous revenue from donations and reimbursement to the City ($2,893,442).

**Governmental Fund Revenue Sources**

- **Sales and Use Tax**—Of the 6.85 percent collected in Salt Lake County, 1.00 percent is allocated for distribution to local governments. More detail can be found on page 10—“Sales Tax.”

- **Intergovernmental Revenues**—The majority represents Class C Road Funds received by the state of Utah. In addition, the City receives a liquor allotment from the state. Other federal, state, and county grants make up the difference.

- **Use Tax**—Of the 6.85 percent collected in Salt Lake County, 1.00 percent is allocated for distribution to local governments. More detail can be found on page 10—“Sales Tax.”

- **Property Tax**—Property tax is levied on the assessed value of all real property and certain personal property located within the City. More detail can be found on page 9—“Property Tax.”

- **Licenses and Permits**—Includes building permits, business licenses, solid waste license fee, and other miscellaneous licenses and permits the City issues.

- **Charges for Services**—Represents charges to the public for services the City provides. Examples include ambulance fees, engineering fees, plan check fees, zoning & subdivision fees, general public sanitation fees, and cemetery fees.

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**Information from Statement of Revenues, Expenditures, and changes in Fund Balance.**
Where Did the Money Go?—Governmental Fund Expenses

The City provides a full range of services, including police and fire protection, water and sanitation services, recreational activities and facilities, animal control services, and cultural events. The City is also responsible for the construction and maintenance of streets, buildings, parks, cemetery, and other amenities. In 2017, general government expenses increased by approximately $34,683,557 million, or 5.5 percent, when compared with fiscal year 2016. This increase is due to a number of factors, with the largest increase coming from developer reimbursements. Approximately 93% of the increase in expenses came from these three items: 1) $16,070,898 was paid in developer reimbursements related to the 2016 Special Assessment bond for construction and infrastructure; 2) $8,000,000 was paid in developer reimbursement related to the 2015 RDA Tax Increment bond for a parking structure, and 3) $8,230,000 was paid as repayment of the 2006 Sales Tax bond as part of a bond refund completed in April 2017. Other notable factors that contributed to this increase are: forgiving a loan to Mulligans, increased public safety costs, and increased street maintenance and repair costs.

Annually, the City Manager submits a budget for the City Council’s adoption. The proposed budget must not include expenses that exceed estimated opening balances and anticipated income. The budget is driven by the City’s Strategic Action Plan, which consists of the mission statement, core service values, strategic initiatives, and program goals.

Governmental Fund Expense Categories:

**General Government**—Includes expenses incurred for administrative departments including General Administration, Finance, Information Services, Facilities, City Attorney, Human Resources, Information Center, Risk Management, City Commerce, City Recorder, Parks, and the Justice Court.

**Tax Increment Distributions**—Distribution of Redevelopment Agency tax increment funds to entities based on signed agreements.

**Capital Outlay and Projects**—Expenses related to the construction of capital projects within the City, such as roads, streets, parks, etc.

**Recreation**—Includes the City’s Fitness & Aquatic Center, along with Recreation programs the City provides.

**Public Safety**—Expenses incurred for public safety departments including Police, Fire, and Animal Control.

**Debt Service**—Payment on the City’s long-term debt, which includes bonds and leases.

**Public Works**—Includes expenses related for Streets, the City’s Cemetery, Fleet, and Street Lighting.

**Development Services**—Includes the Engineering, Planning, and Building departments.

**Debt Issuance Costs**—Costs associated with issuing the 2016 Special Assessment Bonds and 2015 RDA Subordinate Sales and Tax Increment Bonds. Examples of costs would be underwriting fees and legal expenses.
The complete City Budget and Comprehensive Annual Financial Report are available at the City of South Jordan’s Finance Department website at: www.sjc.utah.gov/finance.
In Depth—Property Tax

City of South Jordan property taxes are approved by the City Council. The property tax rate is used to calculate your overall property taxes. For primary residences, homeowners pay tax on 55 percent of the assessed value. Each year a “certified tax rate” is calculated by Salt Lake County. This certified rate is the rate which will provide the same amount of property tax revenue to the City as the previous year, excluding the revenue generated by new growth. If the City determines it needs greater revenues than the certified tax revenue will generate, the City will undergo a process called “Truth in Taxation,” which requires an entity to go through a series of steps which include proper notification of the tax increase and a public hearing. The City has not undergone “Truth in Taxation” since 2007.

2017 City Property Tax Comparison*

Distribution of Total Property Tax Paid

*Municipalities that contract with the Unified Fire Authority and Unified Police Department for police and fire services include the applicable tax rates.

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 taxable properties in the same district. Another factor is if individual taxing entities (such as Salt Lake County, Jordan School District, etc.,) have raised or lowered their rates.
In Depth—Sales Tax

Sales tax is the largest source of revenue in the General Fund (32.8 percent). Of the total 6.85 percent collected by the State Tax Commission on sales within South Jordan, 1.00 percent is allocated to local government. The remaining 5.85 percent is distributed to the State of Utah (4.7 percent), mass transit (0.8 percent), Salt Lake County (0.25 percent), and Zoo, Arts, & Parks (ZAP) (0.1 percent).

The City has seen a substantial increase in sales tax revenue over the past 10 years, going from $7.17 million in 2008 to $13.96 million in 2017. These increases have allowed the City to not raise property taxes since 2007. In fact, the City decreased property taxes 2 percent in fiscal year 2015 and decreased the municipal energy tax 0.50 percent in fiscal year 2016.

10 Year Historical Sales Tax

Did You Know?

Property tax revenue (the City’s second largest source of revenue) does not have any built-in inflationary measures. Other sources of income or property tax increases must be used to cover normal inflation the City experiences.

Residents can help keep taxes low by supporting your local South Jordan businesses. The City has not had to increase property taxes to cover inflation largely due to increased sales taxes.
The City’s Income Statement reflects the City’s financial activity for the fiscal year ended June 30, 2017. As compared to 2016, total revenue decreased by 22 percent (29 million). The primary reason for this decrease is due to a special assessment accrual ($32.6 million) that was received in fiscal year 2016. The overall expenses for the City increased by 30.7 percent (24.2 million) compared to 2016. This was primarily due to increased expenses from government activities including increased expenses from developer reimbursements ($24.1 million), refunding the 2006 Sales Tax Revenue and Refunding bond (8.23 million), and other governmental activities (see page 7 for more detail) and increased demand for services due to growth (see page 13 for population trend).

Did you Know?
This statement is presented on a basis of accounting called accrual accounting. Accrual accounting matches expenses with the related revenues and/or are reported when the expense occurs, not when the cash is paid. This means “Net Position” reported on this statement does not correlate with funds available to meet the City’s obligations.

Modified accrual accounting (presented on pages 5-8 of this report) recognizes revenues when they become available and measurable and, with a few exceptions, recognizes expenses when they have occurred.

In contrast to accrual accounting, fund balance, with a few exceptions, is the amount available to meet the City’s obligations.

Cash flow statements for the City’s water, sanitation, and Mulligans funds are presented in the City’s Comprehensive Annual Financial Report, which is available on our website www.sjc.utah.gov/finance/.

<table>
<thead>
<tr>
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<td>Revenues</td>
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<td>Program Revenues</td>
<td>$42,585,926</td>
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<td>Charges for Services</td>
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<td>Operating Grants and Contributions</td>
<td>6,490,793</td>
<td>2,394,591</td>
<td>2,323,266</td>
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<td>General Revenues</td>
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<td>Property Tax</td>
<td>22,551,834</td>
<td>22,629,814</td>
<td>21,700,883</td>
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<td>Sales and Use Tax</td>
<td>13,958,648</td>
<td>12,417,683</td>
<td>10,905,154</td>
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<td>Energy Sales and Use Tax</td>
<td>3,635,774</td>
<td>3,569,710</td>
<td>3,567,464</td>
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<td>Other Taxes</td>
<td>1,936,872</td>
<td>1,892,006</td>
<td>1,138,852</td>
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<td>Gain on Disposition of Capital Assets</td>
<td>198,188</td>
<td>345,920</td>
<td>323,617</td>
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<td>Unrestricted Investment Earnings</td>
<td>1,212,872</td>
<td>884,202</td>
<td>388,660</td>
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<td>Total Revenues</td>
<td>102,713,571</td>
<td>131,761,885</td>
<td>99,597,748</td>
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<td>Expenses</td>
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<td>Governmental Activities</td>
<td>80,528,387</td>
<td>58,513,010</td>
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<td>Water</td>
<td>18,751,004</td>
<td>16,374,117</td>
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<td>Sanitation</td>
<td>2,669,590</td>
<td>2,816,637</td>
<td>2,602,360</td>
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<tr>
<td>Mulligans</td>
<td>892,923</td>
<td>955,743</td>
<td>997,913</td>
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<td>Total Expenses</td>
<td>102,841,904</td>
<td>78,659,507</td>
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<td>Change in Net Position</td>
<td>[128,333]</td>
<td>53,102,378</td>
<td>27,067,130</td>
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<td>Net Position - Beginning</td>
<td>$442,893,237</td>
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<td>Adjustment for Net Position Liability</td>
<td>-</td>
<td>-</td>
<td>(6,611,278)</td>
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<tr>
<td>Net Position - Ending</td>
<td>$442,764,904</td>
<td>$442,893,237</td>
<td>$382,790,859</td>
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</tbody>
</table>
The City’s debt is comprised of predominantly five components:

- **Revenue Bonds**—Debt secured by future income streams, such as sales tax, tax increment, or water revenue.
- **Special Assessment Bonds**—Debt secured by special assessments levied against benefited property owners.
- **Capital Leases**—Leases secured for the acquisition of machinery and equipment.
- **Compensated Absences**—Accrued employee vacation and compensatory time. The amount accrued is the maximum amount the City would be liable for in the case of employee termination.
- **Claims and Judgments**—Liabilities accrued to the City’s insurance carrier for insurance claims against the City.

During fiscal year 2017, the City issued one new bond:

- **2017 Sales Tax Revenue Refund Bond**—$21,155,000 of debt was added in fiscal year 2017. The proceeds of this revenue refund bond are to be used for: 1) refunding the remaining balance for City’s 2006 Sales Tax revenue bond and costs related to issuing the new 2017 bond; 2) paying for the acquisition and construction of the new City Hall annex building; 3) paying for costs related to remodeling City Hall; and 4) paying for road and other related improvements.

### Outstanding Debt

<table>
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<tr>
<th></th>
<th>2017</th>
<th>2016</th>
<th>2015</th>
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<tr>
<td><strong>Governmental</strong></td>
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<tr>
<td>Revenue Bonds</td>
<td>$46,438,000</td>
<td>$36,272,000</td>
<td>$25,889,000</td>
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<td>Special Assessment Bonds</td>
<td>$33,147,000</td>
<td>$34,004,000</td>
<td>$1,957,000</td>
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<tr>
<td>Capital Leases</td>
<td>$789,713</td>
<td>$1,644,628</td>
<td>$1,683,443</td>
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<tr>
<td>Compensated Absences</td>
<td>$1,797,198</td>
<td>$1,769,086</td>
<td>$1,635,279</td>
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<tr>
<td>Claims and Judgments</td>
<td>$488,123</td>
<td>$463,607</td>
<td>$761,370</td>
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<tr>
<td><strong>Total Governmental</strong></td>
<td>$82,660,033</td>
<td>$74,153,321</td>
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<td><strong>Business-Type</strong></td>
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<tr>
<td>Revenue Bonds</td>
<td>$20,495,000</td>
<td>$22,825,000</td>
<td>$25,075,000</td>
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<tr>
<td>Compensated Absences</td>
<td>$131,175</td>
<td>$133,953</td>
<td>$126,745</td>
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<tr>
<td><strong>Total Business-Type</strong></td>
<td>$20,626,175</td>
<td>$22,958,953</td>
<td>$25,201,745</td>
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<tr>
<td><strong>Total Outstanding Debt</strong></td>
<td>$103,286,208</td>
<td>$97,112,274</td>
<td>$57,127,837</td>
</tr>
</tbody>
</table>

### What We Owe - Total Outstanding Debt

- **2017**: $103,286,208
- **2016**: $97,112,274
- **2015**: $57,127,837
Vision Statement
We are a family oriented community, founded upon principles of accountability, integrity, and innovation with an unwillingness to compromise in securing a sustainable environment for future generations.

Mission Statement
South Jordan City provides service oriented, responsible government, consistent with the community’s values, priorities and expectations for a high quality of life, enhancing the City’s fiscal health, providing professional and innovative services, and managing the City’s resources, while planning for the future.

Quick South Jordan Information
- South Jordan was settled in 1859.
- South Jordan was incorporated in 1935.
- Current City Government is a Council-Manager form of government.
- South Jordan is the 11th largest city in the state with a population of approximately 71,102.
- Credit Rating AAA (Implied GO).
- Total number of South Jordan employees is 382 Full-Time equivalent employees.
- Area is 22.26 square miles.
- Parks & Open Space 403 Acres.
The following terms are used in this report and are defined below:

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

**Claims and Judgments**—The amount of claims and judgments the City is liable for as of June 30, 2017. 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.

**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 governments 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 intergovernmental revenues. User charges do not fund a significant amount of the functions.

**Net Position**—The difference between the City’s assets and liabilities. It is the net worth of the City.

**Primary Government**—All of the governmental and business-type activities belonging to the City, but excludes fiduciary funds.

**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.