

Fiscal Year Ended
June 30, 2018

COMPREHENSIVE ANNUAL FINANCIAL REPORT



City of South Jordan, Utah

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For the Fiscal Year Ended

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City of South Jordan, Utah

Prepared by the Finance Department

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City of South Jordan, Utah
 Comprehensive Annual Financial Report
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INTRODUCTORY SECTION




SOUTH JORDAN
U T A H

Dawn R. Ramsey, *Mayor*
Patrick Harris, *Council Member*
Bradley G. Marlor, *Council Member*
Donald J. Shelton, *Council Member*
Tamara Zander, *Council Member*
Jason T. McGuire, *Council Member*



PH: 801.446-HELP @SouthJordanUT

October 30, 2018

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, 2018, 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 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 and fiduciary funds. 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. Fiduciary funds are resources held by the City, but belong to individuals or entities outside the government. The City has one fiduciary fund, the Metro Fire Testing Consortium agency fund.

GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK

Governmental Structure

Under the City's six-member council form of government, by ordinance, legislative powers are vested in a governing body consisting of a Mayor and a five-member 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. 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 22.26 square miles. The City's population is estimated at 74,852. We anticipate the population in South Jordan will continue to increase as the City remains a desirable place to live. According to data from the U.S. Census Bureau, South Jordan is currently the 11th largest city in the state.

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 is experiencing a strong local economy. The City continues to see interest in residential and commercial development. Overall general fund revenues rose 6 percent, with sales tax collections increasing 10.8 percent over the prior year. The City remains cautiously optimistic with the Zions Bank Consumer Attitude Index remaining relatively stable during the year. The state of Utah shows a strong labor market with low unemployment and a strong housing market.

MAJOR INITIATIVES

City Council Strategic Priorities. The City Council adopted 8 goals to support the mission of the City of South Jordan. These goals are below:

1. Safe Community
 - Construct a new fire station/police station to service the western portion of the City.
 - Conduct emergency operation planning and exercises.
 - Complete police re-accreditation.
2. Civic Development
 - Implement new infrastructure capital improvement process.
 - Implement ongoing capital maintenance and operation projects.
3. Sustainable Growth
 - Conduct citywide facility needs assessment.
 - Implement energy efficiency programs.
 - Continue to convert City open space properties to secondary water.
4. Desirable Amenities and Open Space
 - Leverage partnership opportunities to secure parks and open space.
 - Preserve and enhance Mulligans property and strengthen its business operations.
 - Maintain the integrity and environmental sustainability of properties along the Jordan River.
 - Improve recreational programs offered throughout the City.
5. Economic Development
 - Fulfill obligations and policies established in each respective RDA, CDA, and EDA project plans.
 - Accomplish affordable housing policies as established by the Redevelopment Agency.
 - Improve development review process.
6. Balanced Regulatory Environment
 - Improve water conservation efforts.
 - Develop and implement updated zoning and development regulations.
7. Engaged Community
 - Implement new and improved community engagement events and activities.
 - Continue to improve social media and online community engagement.
 - Implement effective methods in the delivery of municipal services.
8. Fiscally Responsible Governance
 - Effectively implement new software programs.
 - Continue to effectively implement priority-based budgeting methods.
 - Remain market competitive in delivering municipal services.

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 ensure the citizens of South Jordan are able to live and work in a desirable environment. During fiscal year 2018, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Park Projects. The City spent \$1,904,183 on constructing a new park (highland park), which will continue into fiscal year 2019. In addition, the City spent \$419,404 on baseball complex improvements and \$198,744 on new machinery and equipment in fiscal year 2018.
2. Road Projects. The City continued working on multiple road projects during the year, including Beckstead lane betterments totaling \$330,460. In addition, multiple traffic signal installations were completed or in progress totaling \$340,457.
3. Storm Drain Projects. The City worked on multiple storm drain projects during the year, including \$256,918 spent on sediments bins. The City also has started construction and maintenance on storm drain lines that were in progress in fiscal year 2018.
4. New Public Safety Building. The City continued work on its new public safety building. The City spent \$8,210,715 on the new public safety building in fiscal year 2018. The new building is set to open in December 2018.
5. Vehicle Replacement. The City continued to replace its aging vehicles.
6. New Ambulance. The city spent \$147,303 to purchase and outfit a new ambulance in fiscal year 2018.
7. Resurface Pool at Fitness Center. The City spent \$124,133 in fiscal year 2018 to resurface the pool at the fitness center.

Economic Development. The City Council recognizes the need to develop the City’s economic base to provide the necessary services, i.e., recreation, roads, public safety, 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 space.

The South Jordan Redevelopment Agency was established for the purpose of encouraging new development within the City. The Agency currently has five active redevelopment areas (RDA’s), three active economic development areas (EDA’s), and four active 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, and Hobby Lobby.

The City welcomed many new businesses during the fiscal year. Three notable additions that opened in fiscal year 2018 – Embassy Suites, La Quinta Inn and Suites, and Invigorate Healthcare.

The City's success in recruiting a diverse commercial base demonstrates the City's dedication to the establishment of long-term, sustained economic growth. The City will continue to encourage development using redevelopment areas.

FINANCIAL INFORMATION

South Jordan's financial statements reflect the rapid growth of the City. As in previous years, the City has been able to maintain reserve funds in excess of the minimum required by State code. From fiscal year 2013 to 2018, the City's governmental funds revenues increased from \$55,639,392 to \$72,906,145, and expenditures increased from \$44,635,809 to \$78,882,386. Growth in proprietary funds has increased during this period as well. Proprietary fund operating revenues increased from \$20,975,406 to \$25,821,867, while operating expenses rose from \$16,977,012 to \$20,778,082.

As a recipient of federal and state financial assistance, the City is also responsible for ensuring an adequate internal control structure and for documenting 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, 2018, disclosed no instances of internal control weaknesses.

The City's budget serves as the foundation for its financial planning and control. The City's Chief Financial Officer/Budget Officer, in conjunction with City staff, Mayor, and City Council, 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 between funds 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 Gilbert & Stewart 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.

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Jordan for its comprehensive annual financial report for the fiscal year ended June 30, 2017. This was the 32nd consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report 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 comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

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, 2017. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for the preparation of state and local government popular 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, and 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 five consecutive years. The City will be preparing a Popular Annual Financial Report this year and we will be submitting it to GFOA to determine its eligibility for another Award.

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
Chief Financial Officer/Budget Officer



Gary L. Whatcott
City Manager



Government Finance Officers Association

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

Presented to

**City of South Jordan
Utah**

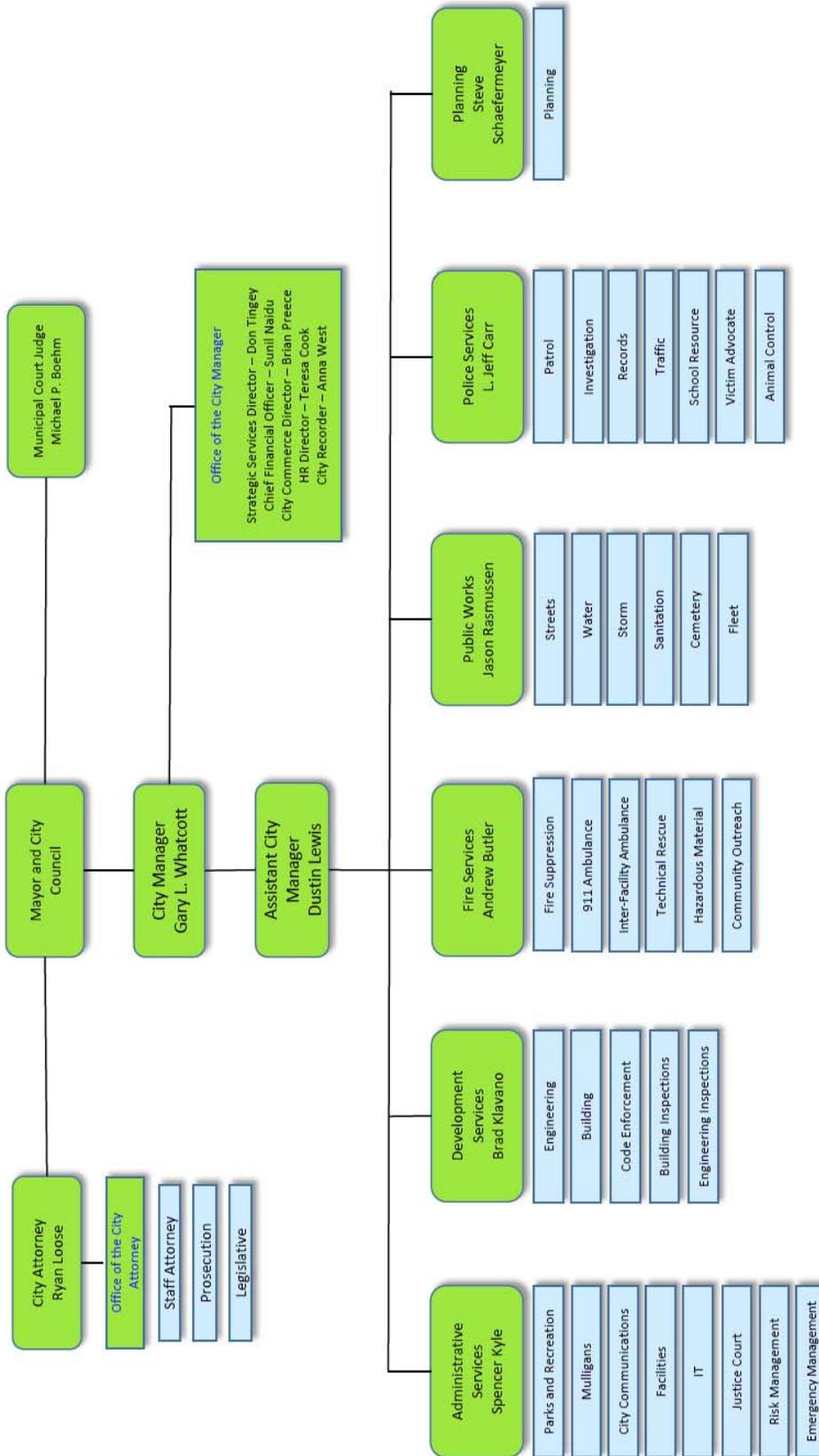
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

Christopher P. Morill

Executive Director/CEO

City of South Jordan, Utah Organizational Chart



City of South Jordan, Utah
 List of Elected and Appointed Officials
 As of June 30, 2018

Elected Officials:



Mayor Dawn R. Ramsey, Council Member Patrick Harris,
 Council Member Brad Marlor, Council Member Donald J. Shelton,
 Council Member Tamara Zander, Council Member Jason T. McGuire

Appointed Officials:

Gary L. Whatcott	City Manager
Ryan Loose	City Attorney
Michael Boehm	Municipal Court Judge
Sunil K. Naidu	Chief Financial Officer/Budget Officer
Chip Dawson	City Treasurer
Anna West.....	City Recorder

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FINANCIAL SECTION



Independent Auditor's Report



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

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

Report on the Basic Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan, Utah (the City), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these 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 financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of South Jordan, as of June 30, 2018 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information, and the required supplementary information regarding pensions, as noted in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, supplemental information, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied to 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 30, 2018, 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.

Gilbert & Stewart

GILBERT & STEWART, CPA, PC

Provo, Utah

October 30, 2018

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, 2018. 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 2018 by \$457,565,288 (net position). Of this amount, \$97,514,365 (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 \$14,800,381. Government activities had an increase in net position of \$7,442,541 mainly due to increased donated infrastructure and increased capital asset purchases. Business-type activities provided a \$7,357,840 increase to the City's net position primarily due to greater than anticipated charges for services in the water fund due to population growth and donated infrastructure.
- As of the close of fiscal year 2018, the City's governmental funds reported combined ending fund balances of \$98,596,825, a decrease of \$5,315,984 (5.1 percent). Most of this decrease is the result of increased capital project and outlay expenditures (\$6,645,733 compared to fiscal year 2017). This increase is largely due to costs associated with the City's construction of a new public safety building (\$8,210,715), construction costs for Highland Park (\$1,904,183), purchasing new fleet equipment (\$743,086), and other capital projects.
- At the end of fiscal year 2018, unassigned fund balance of the general fund was \$9,818,217, or 24.3 percent of general fund expenditures (excluding other financing uses). 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 unassigned fund balance is currently at 20.5 percent of next year's budgeted revenues.
- The City's total long-term obligations (excluding net pension liability) decreased \$7,952,369 (7.3 percent). This is largely due to the City making its schedule principal bond repayments (\$6,891,000) and lease principal repayments (\$789,712). Total long-

term debt for governmental activities decreased \$5,837,395, largely due to the City making its scheduled principal bond repayments (\$4,406,000).

- At the end of fiscal year 2018, the City recognized total net pension assets of \$547,883 (increase of \$467,919 from fiscal year 2017) and total net pension liabilities of \$6,839,119 (decrease of 27.9 percent from fiscal year 2017). These changes are largely due to changes in assumptions adopted by the Board of Utah Retirement Systems. More information regarding the City's retirement plans can be found in Note 10, which begins on page 80 and in the Required Supplementary Information, beginning on page 97.

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 services, development services, public works, recreation, and public safety. The business-type activities of the City include water, sanitation, and Mulligans Golf & Games (Mulligans).

The government-wide financial statements can be found on pages 37-38 of this report.

FUND FINANCIAL STATEMENTS

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

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

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

Governmental funds report the difference between their assets, deferred outflows of resources, liabilities, and deferred inflows of resources as fund balance, which is divided into nonspendable, restricted, committed, assigned, and unassigned portions. *Nonspendable* balances include inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* balances include net fund resources of the City that are subject to external constraints due to state or federal laws or externally imposed conditions by grantors or creditors. Restrictions include bond and capital lease 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, 2018, the City's combined governmental fund balance is \$98,596,825 (\$73,160 in nonspendable, \$38,025,721 in restricted, \$50,679,727 in assigned, and \$9,818,217 in unassigned fund balances). Additional detail regarding governmental fund balances can be found in Note 1 on pages 57-59 of this report.

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

The City maintains the following eight individual governmental funds:

- General
- Redevelopment Agency (RDA)
- Capital Projects
- Storm Drain
- Community Development Block Grant (CDBG)
- Fitness Center
- Debt Service
- Municipal Building Authority (MBA)

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, redevelopment agency, capital projects, and debt service funds, all of which are major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is elsewhere in this report.

The basic governmental fund financial statements can be found on pages 40-41 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 Mulligans.

Proprietary fund financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water fund, which is considered a major fund. Data from the other proprietary funds (Mulligans and sanitation) are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is available elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 44-46 of this report.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reported in the government-wide

financial statements because the resources are not available to support the City's own programs. The accounting used for fiduciary funds is like that used for proprietary funds.

The City maintains one type of fiduciary fund. The *agency fund* reports resources held by the City for the Metro Fire Testing Consortium (MFTC).

The fiduciary fund financial statements can be found on page 48 of this report.

Notes to the financial statements – The notes provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 49 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. This section also contains required supplementary information for the City's pension program. The RSI section begins on page 93.

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 nonmajor funds and fiduciary fund, 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 101, and the statistical section begins on page 117.

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 \$457,565,288 as of June 30, 2018.

By far the largest portion of the City's position (68.6 percent) reflects its investments in capital assets (e.g., land, water shares, buildings and structure, machinery and equipment, improvements, construction in progress, 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, 2018

	Governmental Activities		Business-Type Activities		Total	
	2018	2017	2018	2017	2018	2017
Current and Other Assets	\$ 159,056,336	\$ 165,124,950	\$ 47,649,321	\$ 43,445,291	\$ 206,705,657	\$ 208,570,241
Net Pension Asset	547,756	79,840	127	124	547,883	79,964.00
Capital Assets	264,145,312	252,987,283	125,625,243	123,484,471	389,770,555	376,471,754
Total Assets	423,749,404	418,192,073	173,274,691	166,929,886	597,024,095	585,121,959
Total Deferred Outflows of Resources	9,085,857	8,987,823	411,762	663,363	9,497,619	9,651,186
Long-Term Debt Outstanding	82,509,196	88,149,703	18,791,908	21,103,762	101,301,104	109,253,465
Net Pension Liability	6,310,421	8,779,568	528,698	709,949	6,839,119	9,489,517
Other Liabilities	10,799,487	9,154,375	3,494,178	2,488,771	14,293,665	11,643,146
Total Liabilities	99,619,104	106,083,646	22,814,784	24,302,482	122,433,888	130,386,128
Total Deferred Inflows of Resources	26,137,452	21,460,086	385,086	162,025	26,522,538	21,622,111
Invested in Capital Assets, Net of Related Debt	206,655,775	167,503,336	107,291,106	102,908,992	313,946,881	270,412,328
Restricted	38,025,721	14,205,726	8,078,321	8,327,019	46,104,042	22,532,745
Unrestricted	62,397,209	117,927,102	35,117,156	31,892,731	97,514,365	149,819,833
Total Net Position	\$ 307,078,705	\$ 299,636,164	\$ 150,486,583	\$ 143,128,742	\$ 457,565,288	\$ 442,764,906

An additional portion of the City's net position (10.1 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position of \$97,514,365 may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2018, the City is able to report positive balances in all three categories of net position for the government as a whole, as well as, for its separate governmental-type activities. Positive balances for all three categories are also reported for the water, sanitation, and Mulligans funds.

Analysis of the City's Operations – The following table provides a summary of the City's operations for the year ended June 30, 2018:

CITY OF SOUTH JORDAN

Summary of Changes in Net Position

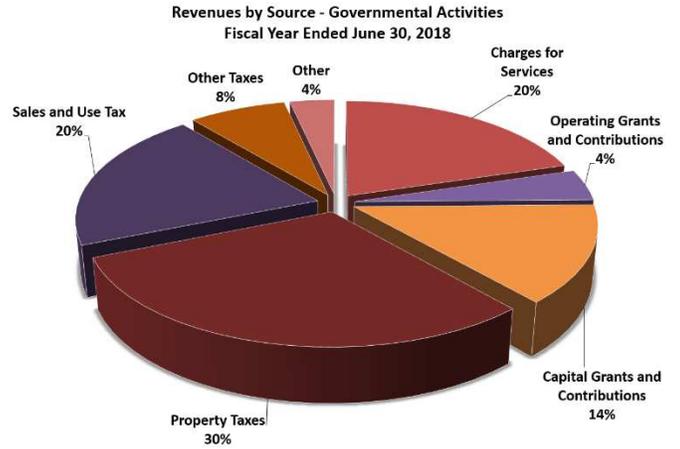
For the Period Ended June 30, 2018

	Governmental Activities		Business-type Activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for Services	\$ 15,602,113	\$ 16,899,475	\$ 26,727,193	\$ 25,686,451	\$ 42,329,306	\$ 42,585,926
Operating Grants and Contributions	3,394,843	6,490,793	-	-	3,394,843	6,490,793
Capital Grants and Contributions	10,588,796	5,384,258	2,075,071	4,758,408	12,663,867	10,142,666
General Revenues:						
Property Taxes	23,271,204	22,551,834	-	-	23,271,204	22,551,834
Sales and Use Tax	15,467,338	13,958,648	-	-	15,467,338	13,958,648
Other Taxes	5,807,856	5,572,646	-	-	5,807,856	5,572,646
Other	2,675,538	1,212,872	-	-	2,675,538	1,212,872
Total Revenues	<u>76,807,688</u>	<u>72,070,526</u>	<u>28,802,264</u>	<u>30,444,859</u>	<u>105,609,952</u>	<u>102,515,385</u>
Expenses:						
General Government	26,118,851	44,494,650	-	-	26,118,851	44,494,650
Community Services	1,160,626	1,104,739	-	-	1,160,626	1,104,739.00
Development Services	4,318,675	3,394,698	-	-	4,318,675	3,394,698
Public Works	18,322,736	15,974,955	-	-	18,322,736	15,974,955
Recreation	2,117,615	2,010,135	-	-	2,117,615	2,010,135.00
Public Safety	14,373,525	11,069,346	-	-	14,373,525	11,069,346
Interest on Long-Term Debt	2,929,191	2,479,864	-	-	2,929,191	2,479,864
Water	-	-	17,569,181	18,751,003	17,569,181	18,751,003
Sanitation	-	-	2,856,678	2,669,590	2,856,678	2,669,590
Mulligans	-	-	1,125,656	892,923	1,125,656	892,923
Total Expenses	<u>69,341,219</u>	<u>80,528,387</u>	<u>21,551,515</u>	<u>22,313,516</u>	<u>90,892,734</u>	<u>102,841,903</u>
Gain on Sale of Capital Assets	83,163	198,188	-	-	83,163	198,188
Increase (Decrease) in Net Position Before Transfers	7,549,632	(8,259,673)	7,250,749	8,131,343	14,800,381	(128,330)
Transfers	(107,091)	(4,000,973)	107,091	4,000,973	-	-
Increase in Net Position	<u>7,442,541</u>	<u>(12,260,646)</u>	<u>7,357,840</u>	<u>12,132,316</u>	<u>14,800,381</u>	<u>(128,330)</u>
Net Position - Beginning	299,636,164	311,896,810	143,128,743	130,996,427	442,764,907	442,893,237
Net Position - Ending	<u>\$ 307,078,705</u>	<u>\$ 299,636,164</u>	<u>\$ 150,486,583</u>	<u>\$ 143,128,743</u>	<u>\$ 457,565,288</u>	<u>\$ 442,764,907</u>

Governmental Activities – Governmental activities increased the City's net position by \$7,442,541. Key elements affecting governmental activities net position are as follows:

- As of June 30, 2018, the City's net position was \$307,078,705, which was an increase of \$7,442,541 over the prior year's net position of \$299,636,164. This is largely attributed to donated infrastructure to the City of \$7,281,740 during fiscal year 2018.
- In fiscal year 2018 the general government expenses decreased (\$18,375,799) largely from decreased expenditures from bond proceeds compared to fiscal year 2017.

- Overall, the City’s general fund expenditures were \$2,897,182 less than budgeted, with the City’s general government (\$806,716), public safety (\$642,820), and capital outlay (\$1,040,631) spending less than expected by a combined \$2,490,167. This does not take into consideration other financing sources, including \$6,302,000 transferred to other funds.



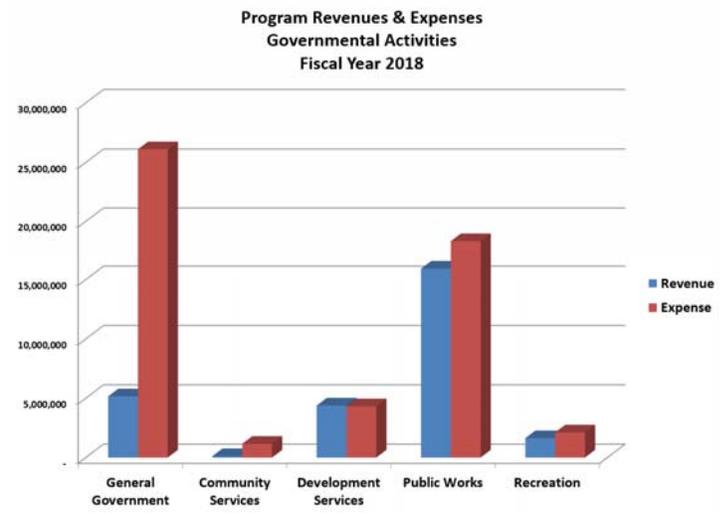
- General fund revenues posted below expectations during fiscal year 2018. However, the City posted increased revenue over the prior year in tax revenue, licenses and permits, fines and forfeitures, and miscellaneous revenue. The City saw increased sales tax revenue (\$1,508,690), property tax revenue (\$458,751), and building permits (\$227,086) over prior year.

- The City’s governmental funds received \$2,624,781 in impact fee revenue during the fiscal year. Impact fee revenue is not spent in the year received, instead it is budgeted for projects in future years.

- The storm drain fund spent \$1,334,627 more than received in revenues during the year. This includes \$2,446,066 transferred to other funds. This excess of expenditures compared to revenue will reduce the ending storm drain fund balance.

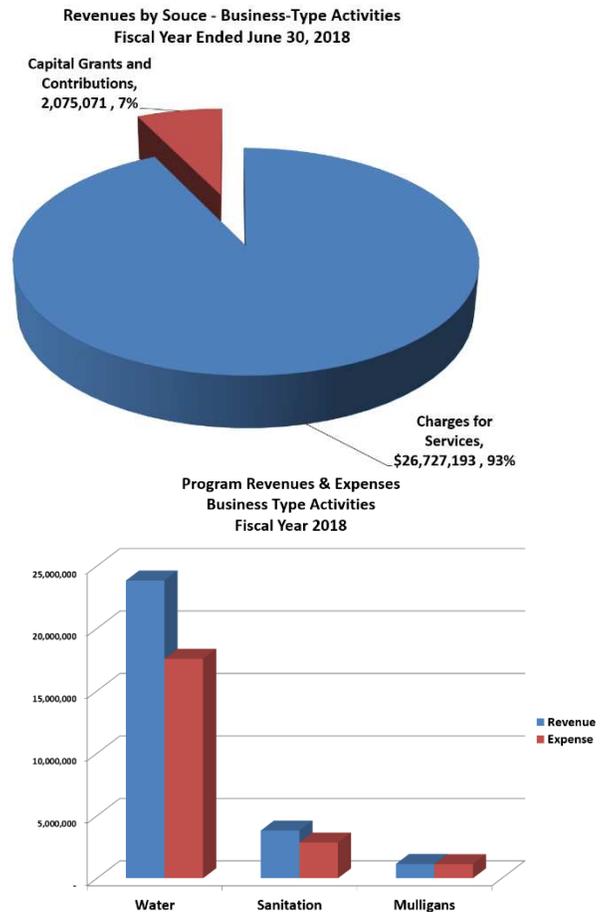
- During fiscal year 2018, the City’s governmental funds completed \$9,574,087 of capital projects, which includes \$146,207 of projects that began in prior years. Projects totaling \$22,437,894 were in progress at year-end. The most significant projects completed during the year include

\$419,404 in baseball complex improvements, \$605,875 in various traffic signal and streetlight projects, and \$189,829 for a new ambulance. Donated assets include \$4,831,382 in donated land, \$1,113,242 in roads, \$688,118 in sidewalks, \$440,653 in curb and gutter, \$389,588 in storm drain, and \$178,757 in streetlights.



Business-Type Activities – Business-type activities increased the City’s net position by \$7,357,840, which represents a decrease of \$4,774,473 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2018, the City’s business-type activities completed \$1,559,400 in capital projects, and \$16,006,404 of projects were in progress at year-end. Notable completed project(s) include \$426,113 for the purchase of equipment. In addition, \$778,161 of donated water lines were capitalized during the fiscal year.
- Mulligans revenues were \$161,790 less than budgeted, while fund expenses were \$37,162 lower than anticipated in the budget. Mulligans fund increased overall net position by \$17,085.
- The sanitation fund experienced an increase in net position of \$966,479. This increase is due to greater than anticipated revenues due to growth (\$111,367) and City’s portion of the Trans-Jordan Landfill net position increased by \$276,875.
- Water fund operating revenues exceeded expectations by \$2,718,674, the City recorded \$778,161 of donated infrastructure (water lines), and \$1,296,910 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 fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

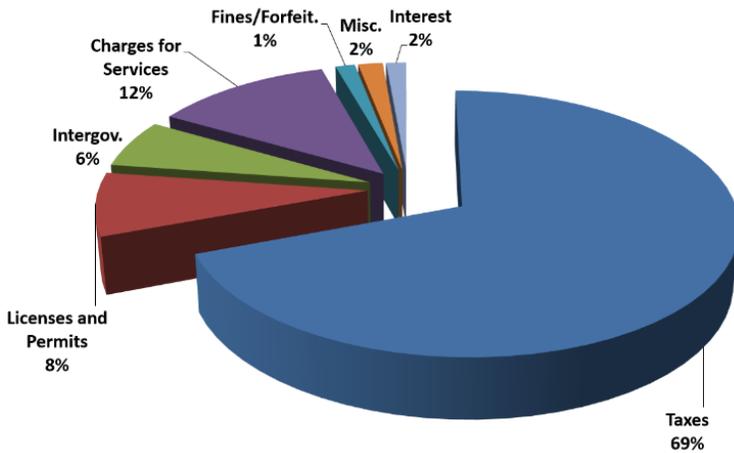
The City’s governmental funds (General, RDA, capital projects, debt service, and nonmajor funds) reported combined fund balances of \$98,596,825. This represents a decrease of \$5,315,984 from last year’s ending balances. \$9,818,217 (10.0 percent) of the total fund balance constitutes *unassigned fund balance* and is therefore available for spending at the

City's discretion. *Assigned fund* balance totals \$50,679,727 (51.4 percent), meaning the City intends to use this amount for specific purposes (debt service, redevelopment agency (RDA), capital projects, storm drain projects, fitness center, and municipal building authority (MBA)). Fund balance of \$38,025,721 (38.6 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 equipment. The City also has inventory (\$73,160) which is 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 exceeded expenditures (excluding other financing sources and uses) in the general fund by \$4,734,260 during the year. The City transferred \$6,302,000 to the other funds during the fiscal year. Of these transfers, \$1,622,742 is considered discretionary. The City Council will authorize uses of this transfer in fiscal year 2019 for future budget years.

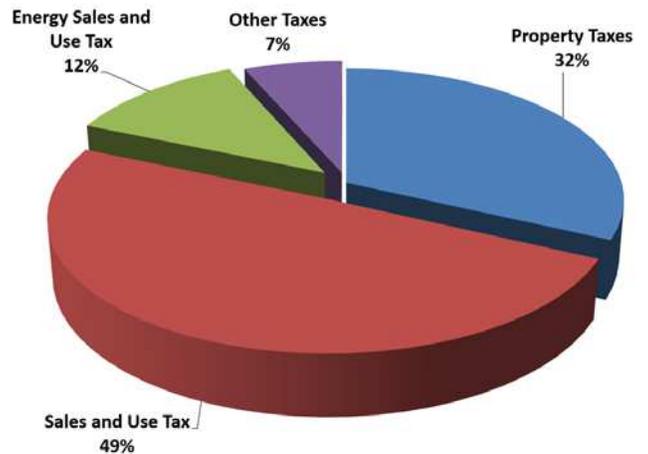
Fiscal Year 2018 General Fund Revenue by Source



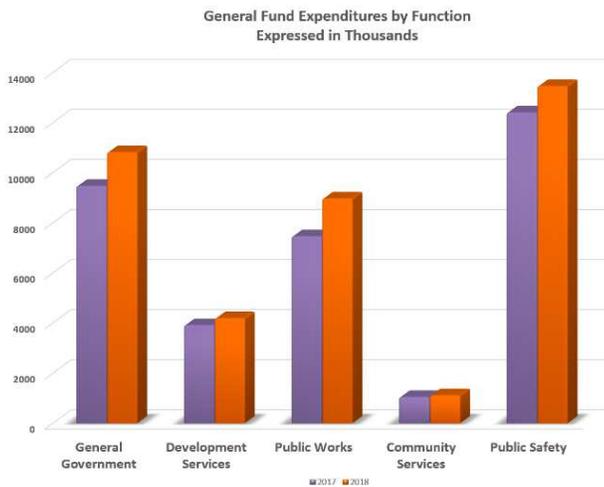
Taxes continue to be the largest source of revenue in the general fund and represent 69.3 percent of total general fund revenues. The largest component of tax revenue is sales tax, which represents 49.5 percent of total tax revenues and 34.3 percent of total general fund revenues. This compares with 32.8 percent of total general fund revenues in the prior fiscal year ended June 30, 2017.

Revenues exceeded expenditures (excluding other financing sources and uses) in the general fund by \$4,734,260 during the year. The City transferred \$6,302,000 to the other funds during the fiscal year. Of these transfers, \$1,622,742 is considered discretionary. The City Council will authorize uses of this transfer in fiscal year 2019 for future budget years.

Fiscal Year 2018 General Fund Tax Revenue by Type



General fund expenditures increased during fiscal year 2018, going from \$36,086,110 in 2017 to \$40,329,276 in 2018. Street department expenditures increased \$782,913 largely due to



increased maintenance costs on more road miles maintained. Public Safety costs increased \$1,055,940 primarily due to staffing (additional officers) and new equipment. The City provided a 1.5% cost-of-living adjustment (COLA) and 2% merit increase (based on performance) to all eligible employees and merit eligible sworn employees received an additional 2.75% step increase, consistent with the City's step plan. The City also experienced increased expenditures due to providing services to a larger residential base. These expenses were offset by increased property and sales taxes.

Other Governmental Funds

Highlights from the City's other governmental funds show indicators of a growing city and strong local economy. During fiscal year 2018, property tax collections from redevelopment areas increased by 2 percent to a total of \$13,285,228 during the same period. RDA fund balance increased \$3,938,634 to a total of \$18,386,305 (27.3 percent increase). The main reason for this increase is due to less than budgeted expenditures of \$1,671,936. The City also received \$1,463,322 in repayment of a loan for a parking station. These monies will be disbursed in a future fiscal year.

Fund balance in the capital projects fund decreased \$9,290,111 from \$70,574,785 to \$61,284,674. This decrease is largely attributable to spent bond funds related to construction of the new public safety building (\$8,210,715) and the 2016 Special Assessment Bonds (\$5,412,563) for infrastructure. The City has also spent \$1,904,183 for construction of a new park (Highland Park). Assigned fund balance increased \$3,962,781 (17.2 percent) to \$26,983,211. This increase is largely attributable to a year-end transfer from the general fund (\$1,622,742) for future projects. Of this amount, \$1,622,742 is awaiting official action from the City Council in fiscal year 2019 regarding future use. A total of \$14,170,816 was spent on capital projects during the fiscal year. The City has current construction commitments of \$42,804,781 relating to capital project funds, which are not expected to affect the fund resources available for future use.

Storm drain revenue was \$134,609 above expectations during fiscal year 2018 mainly due to increased residential and commercial development. In addition, storm drain expenditures were down \$259,404 compared to budget. Projects in progress at year-end will be completed in future years. The Storm Drain fund had a transfer out of \$2,402,600 to the capital project fund for capital projects. These factors led to a decrease in storm drain fund balance of \$1,334,627 (29.5 percent decrease). Fund balance will be used to comply with federal storm water

mandates, complete projects started in prior years, and to improve the City's storm drain system.

Fund balance in the fitness center fund decreased \$41,999 (2.3 percent) during fiscal year 2018 to \$1,757,328. Charges for services did not meet expectations by \$38,682 due to decreased utilization. The fitness center also incurred less than expected expenditures by \$1,631 for fiscal year 2018. The majority of the remaining fund balance will be used for future fitness center capital projects and maintenance, which are expected to increase as the facility ages.

Total payments for debt service in the debt service fund increased \$1,218,221 (28.4 percent). This increase is largely due to the principal payments on the 2017 sales tax bond (\$275,000), 2016 special assessment bond (\$655,000), and 2015 redevelopment bond (\$605,000). The City did also receive \$2,735,263 more in revenues than budgeted, mostly from larger than anticipated Special Assessment revenue from the 2016 Special Assessment Bond (\$3,311,522).

Fund balance in the Municipal Building Authority fund decreased \$1,500 during the fiscal year. This is due to interest income not coming in as anticipated during the fiscal year.

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 \$24,421,782 to \$26,573,773 in the water fund; increased from \$927,286 to \$944,410 in the Mulligans fund; and increased from \$6,543,664 to \$7,598,973 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. The City purchases all of its wholesale water from the Jordan Valley Water Conservancy District (JVWCD). 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. During fiscal year 2018, a total of \$1,373,039 of capital assets was added (not including \$16,006,404 of work in progress outstanding at fiscal year-end). The water fund decreased its overall liabilities by \$1,497,852, most of this comes from decreased long-term liabilities (\$2,660,422) from the City paying its principal payments and refinancing the 2007 water revenue and refunding bond.

The increase in unrestricted net position for the water fund is mainly due to increased operating revenues (\$2,752,451) compared to budget. The City also received \$778,161 in donated infrastructure and \$1,296,910 in impact fee revenue in fiscal year 2018. The City does not budget or expend impact fee revenue in the year received. The Mulligans unrestricted fund balance increase of \$17,124 is due to increased interest revenue (\$7,837) and budgeted expenditures were less than expected by \$26,606. Sanitation unrestricted fund balance increased \$1,055,309 due to its portion of the Trans-Jordan Landfill's increase in net position (\$276,875) and greater than anticipated revenues due to a growing customer base.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the fiscal year, general fund budgeted expenditures were amended from an original budget total of \$41,469,781 to a final budget total of \$43,226,458 (4.2 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 Fund personnel budgets increased \$57,708 overall due to increased fire overtime (\$29,273) from deployment to assist other states and other additional changes to personnel not anticipated in the original fiscal 2018 budget.
- The Finance department budget increased \$99,483 largely due to increased equipment lease costs (\$35,227) and changes in personnel not anticipated in the initial fiscal 2018 budget.
- Office of the City Attorney's budget increased by \$154,425. This is largely attributable to increased lobbyist costs (\$116,200) and changes in personnel not anticipated in the initial fiscal 2018 budget.
- Development Services budget increased \$206,806. \$105,000 of this increase is due to increased processing fees from increased volume. The remaining amount is mostly due to personnel changes not anticipated in the initial fiscal 2018 budget.
- Public Works budget increased by \$850,180. This is largely due to increased expenditures related to transportation improvements (\$605,330).
- The City's Parks and Cemetery departments budget increased \$182,386, largely due to budgeted water usage (\$114,361) and park maintenance (\$40,525) from increased maintenance costs on more park acreage.
- Public Safety budget increased by \$139,971. This adjustment is largely due to a grant received for body camera purchases (\$10,000) and the purchase of new rifles (\$99,690).
- Debt Service budget decreased \$685,000. This decrease is attributable to the City deciding to purchase new public safety vehicles instead of leasing them.
- Capital outlay increased by \$1,110,881. This is largely due to purchasing new public safety vehicle purchases (\$1,246,842) instead of leasing new vehicles.

General fund budgeted revenues were amended from \$46,423,221 to \$46,929,865 (an increase of \$506,644 or 1.1 percent). Highlights of this increase include:

- Intergovernmental revenues increased due to a grant for body cameras for \$10,000.
- Engineering and zoning and subdivision fees were increased by \$12,000 and \$120,000 respectively due to increased demand for services.
- Other services were increased \$12,706 due to an increased number after hour inspections.
- Sundry revenue increased \$351,938 for overtime reimbursements received, risk management subrogation, and other donations.

During the year, actual revenues were less than budgeted revenues by \$1,866,329. Actual expenditures were less than budgeted expenditures by \$2,897,182. \$1,055,853 of this surplus was combined with reductions in other types fund balance sources and transferred to the capital projects fund, all of which is discretionary. During fiscal year 2019, official action by the City Council will determine how these discretionary funds will be used.

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, 2018, amounts to \$389,770,555 (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 increase in the City’s investment in capital assets for the current year was 3.4 percent (a 4.4 percent increase for governmental activities and a 1.7 percent increase for business-type activities).

CITY OF SOUTH JORDAN

Capital Assets, Net of Depreciation

June 30, 2018

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 73,438,714	\$ 69,519,228	\$ 12,556,043	\$ 12,556,043	\$ 85,994,757	\$ 82,075,271
Water Shares	-	-	18,961,482	18,961,482	18,961,482	18,961,482
Buildings	16,759,609	17,818,749	827,371	904,748	17,586,980	18,723,497
Improvements	137,227,797	140,036,105	75,949,162	78,650,784	213,176,959	218,686,889
Machinery and Equip.	6,064,342	6,986,335	1,324,781	1,128,953	7,389,123	8,115,288
Const. in Progress	22,437,894	10,409,910	16,006,404	11,282,461	38,444,298	21,692,371
Right of Way	8,216,956	8,216,956	-	-	8,216,956	8,216,956
Total Capital Assets	\$ 264,145,312	\$ 252,987,283	\$ 125,625,243	\$ 123,484,471	\$ 389,770,555	\$ 376,471,754

Major capital asset events during fiscal year 2018 include the following:

- \$8,059,901 in contributed infrastructure assets including \$178,757 in street lights, \$1,113,242 in donated roads, \$440,653 in curb and gutter, \$688,118 in sidewalk, \$389,588 in donated storm drain infrastructure, \$4,471,382 in land, and \$778,161 in water lines.
- Upgrades to the City’s culinary water system totaling \$177,450 (excluding donated infrastructure) and a capital equipment purchase totaling \$426,113 account for most of the additional assets added, not including construction in progress. \$4,726,443 of the total spent was on projects in progress at the end of fiscal year 2018.
- During the year, the City spent \$14,320,330 (excluding donated infrastructure) on projects such as construction of new and/or extension of roads, improvements to park projects, storm drain improvements, land purchases, and general vehicles and equipment. \$11,844,437 of the total was spent on projects still in progress at fiscal year-end.
- As of June 30, 2018, the City had construction commitments of \$42,804,781 for unfinished projects.

Additional information on the City’s capital assets can be found in note 7 on page 72-73 of this report.

Long-term debt - As of June 30, 2018, the City had total long-term bonded debt outstanding of \$92,234,000. 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

Outstanding Long-Term Bonded Debt (Expressed in Thousands)

June 30, 2018

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Special Assessment Debt						
With Governmental Commitment	\$ 31,815	\$ 33,147	\$ -	\$ -	\$ 31,815	\$ 33,147
Revenue Bonds	43,364	46,438	17,055	20,495	60,419	66,933
Total bonded debt	<u>\$ 75,179</u>	<u>\$ 79,585</u>	<u>\$ 17,055</u>	<u>\$ 20,495</u>	<u>\$ 92,234</u>	<u>\$ 100,080</u>

The City's total bonded debt outstanding decreased by \$7,846,000 during the fiscal year (7.8 percent). This decrease is due to the City making principal payments of \$5,091,000 and the City refinancing the 2007 water revenue and refunding bond which when combined with the scheduled principal payment of \$1,800,000, decreased overall debt outstanding by \$2,755,000 in fiscal year 2018.

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 & Poor's rating of "AA" and a Fitch rating of "AA"; the Series 2005 and 2011 MBA Lease Revenue Bonds, with a Standard & Poor's rating of "AA+" and a Fitch rating of "AA"; the 2015 Subordinate Sales Tax and Tax Increment Bonds with a Standard & Poor's rating of "AA-" and a Fitch rating of "AA+"; the Series 2017 Sales Tax 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.

State statutes limit the amount of general obligation debt a governmental entity may issue to 8 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 \$383,732,000, which is significantly in excess of the City's outstanding general obligation debt. The remaining 4 percent and any unused portion of the 4 percent is available for general purposes, up to the maximum of 8 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 \$767,464,000, which again significantly exceeds the outstanding city-wide debt.

Additional information on the City's long term-debt can be found in note 9 on pages 74-80 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- The 2018 unemployment rate for the City of South Jordan was 3.0 percent. This compares with a national unemployment rate of 4.0 percent. The 2017 unemployment rate for the City of South Jordan was 3.1 percent. (Source: Bureau of Labor Statistics.)
- General Fund budgeted revenues for the fiscal year ending June 30, 2019 (\$47,918,062) reflect an increase of 2.2 percent over the final budgeted revenues for the fiscal year ended June 30, 2018 (\$46,929,865). Most this increase is due to expected increases in sales tax revenue, property taxes, other taxes and Class C Road Funds. The City continues its approach of budgeting conservatively to avoid revenue shortfalls. General fund expenditures in fiscal year 2019 are budgeted \$1,367,648 higher than fiscal year 2018. The majority of this increase is due to merit personnel increases, adding full time employees, and construction of a new Police and Courts facility and remodel of City Hall.

- A number of fee schedule changes were approved in the 2019 budget. Several of the most notable changes are increasing recycling fees per can, changing the structure for billing culinary water from based on area to based on meter size, and increasing secondary water fees.

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) 446-HELP.

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BASIC FINANCIAL STATEMENTS



Government-Wide Financial Statements

CITY OF SOUTH JORDAN
Statement of Net Position
June 30, 2018

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 77,968,705	\$ 37,174,146	\$ 115,142,851
Restricted Cash	26,049,992	3,034,568	29,084,560
Receivables	54,875,848	3,884,030	58,759,878
Internal Balances	-	-	-
Inventories	73,160	78,878	152,038
Prepays	88,631	-	88,631
Other Assets	-	3,477,699	3,477,699
Net Pension Asset	547,756	127	547,883
Capital Assets Net of Depreciation:			
Land	73,438,714	12,556,043	85,994,757
Water Shares	-	18,961,482	18,961,482
Buildings	16,759,609	827,371	17,586,980
Improvements	137,227,797	75,949,162	213,176,959
Machinery and Equipment	6,064,342	1,324,781	7,389,123
Construction in Progress	22,437,894	16,006,404	38,444,298
Right of Way	8,216,956	-	8,216,956
Total Assets	<u>423,749,404</u>	<u>173,274,691</u>	<u>597,024,095</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	331,297	322,066	653,363
Resources Related to Pensions	8,754,560	89,696	8,844,256
Total Deferred Outflows of Resources	<u>9,085,857</u>	<u>411,762</u>	<u>9,497,619</u>
LIABILITIES			
Accounts Payable	4,256,728	2,908,382	7,165,110
Other Liabilities	5,736,256	455,584	6,191,840
Accrued Interest Payable	806,503	130,212	936,715
Long-term Liabilities			
Due Within One Year	6,482,096	2,728,192	9,210,288
Due in More Than One Year	76,027,100	16,063,716	92,090,816
Net Pension Liability	6,310,421	528,698	6,839,119
Total Liabilities	<u>99,619,104</u>	<u>22,814,784</u>	<u>122,433,888</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	20,695,393	-	20,695,393
Resources Related to Pensions	5,442,059	385,086	5,827,145
Total Deferred Inflows of Resources	<u>26,137,452</u>	<u>385,086</u>	<u>26,522,538</u>
NET POSITION			
Net Investment in Capital Assets	206,655,775	107,291,106	313,946,881
Restricted For:			
Capital Improvements and Equipment	11,712,051	5,043,753	16,755,804
Construction	22,547,104	-	22,547,104
Debt Service	3,502,888	3,034,568	6,537,456
Public Safety	263,678	-	263,678
Unrestricted	62,397,209	35,117,156	97,514,365
Total Net Position	<u>\$ 307,078,705</u>	<u>\$ 150,486,583</u>	<u>\$ 457,565,288</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, 2018

	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
Functions/Programs:							
Primary Government							
Governmental:							
General Government	\$ 26,118,851	\$ 5,138,585	\$ 16,500	\$ -	\$ (20,963,766)	\$ -	\$ (20,963,766)
Community Services	1,160,626	82,357	37,838	-	(1,040,431)	-	(1,040,431)
Development Services	4,318,675	4,150,663	236,743	-	68,731	-	68,731
Public Works	18,322,736	2,464,043	2,869,659	10,588,796	(2,400,238)	-	(2,400,238)
Recreation	2,117,615	1,636,357	-	-	(481,258)	-	(481,258)
Public Safety	14,373,525	2,130,108	234,103	-	(12,009,314)	-	(12,009,314)
Interest on Long-Term Debt	2,929,191	-	-	-	(2,929,191)	-	(2,929,191)
Total Governmental Activities	69,341,219	15,602,113	3,394,843	10,588,796	(39,755,467)	-	(39,755,467)
Business-Type:							
Water	17,569,181	21,760,554	-	2,075,071	-	6,266,444	6,266,444
Sanitation	2,856,678	3,823,429	-	-	-	966,751	966,751
Mulligans	1,125,656	1,143,210	-	-	-	17,554	17,554
Total Business-Type Activities	21,551,515	26,727,193	-	2,075,071	-	7,250,749	7,250,749
Total Primary Government	90,892,734	42,329,306	3,394,843	12,663,867	(39,755,467)	7,250,749	(32,504,718)
General Revenues:							
Property Taxes					23,271,204	-	23,271,204
Sales and Use Tax					15,467,338	-	15,467,338
Energy Sales and Use Tax					3,759,171	-	3,759,171
Other Taxes					2,048,685	-	2,048,685
Gain on Disposition of Capital Assets					83,163	-	83,163
Unrestricted Investment Earnings					2,675,538	-	2,675,538
Transfers					(107,091)	107,091	-
Total General Revenues and Transfers					47,198,008	107,091	47,305,099
Change in Net Position					7,442,541	7,357,840	14,800,381
Net Position - Beginning					299,636,164	143,128,743	442,764,907
Net Position - Ending					\$ 307,078,705	\$ 150,486,583	\$ 457,565,288

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

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.

Debt Service Fund

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

Nonmajor Funds

Nonmajor governmental funds are presented by fund type beginning on page 102.



CITY OF SOUTH JORDAN

Balance Sheet

Governmental Funds

June 30, 2018

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS						
Cash and Cash Equivalents	\$ 13,745,362	\$ 18,085,002	\$ 40,474,958	\$ 200,634	\$ 5,462,749	\$ 77,968,705
Restricted Cash	-	301,971	22,589,412	3,158,536	73	26,049,992
Receivables	14,839,891	10,140,000	-	29,578,191	317,766	54,875,848
Inventories	70,634	-	-	-	2,526	73,160
Total Assets	<u>\$ 28,655,887</u>	<u>\$ 28,526,973</u>	<u>\$ 63,064,370</u>	<u>\$ 32,937,361</u>	<u>\$ 5,783,114</u>	<u>\$ 158,967,705</u>
LIABILITIES						
Accounts Payable and Accrued Liabilities	1,968,359	668	1,779,696	6,271	501,734	4,256,728
Construction Bonds and Refunds	5,736,256	-	-	-	-	5,736,256
Due to Other Funds	-	-	-	-	-	-
Total Liabilities	<u>7,704,615</u>	<u>668</u>	<u>1,779,696</u>	<u>6,271.00</u>	<u>501,734</u>	<u>9,992,984</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Taxes	10,659,705	10,140,000	-	-	-	20,799,705
Unavailable Revenue - Special Assessments	-	-	-	29,578,191	-	29,578,191
	<u>10,659,705</u>	<u>10,140,000</u>	<u>-</u>	<u>29,578,191</u>	<u>-</u>	<u>50,377,896</u>
FUND BALANCES						
Nonspendable	70,634	-	-	-	2,526	73,160
Restricted	263,678	301,971	34,301,463	3,158,536	73	38,025,721
Committed	-	-	-	-	-	-
Assigned	139,038	18,084,334	26,983,211	194,363	5,278,781	50,679,727
Unassigned	9,818,217	-	-	-	-	9,818,217
Total Fund Balances	<u>10,291,567</u>	<u>18,386,305</u>	<u>61,284,674</u>	<u>3,352,899</u>	<u>5,281,380</u>	<u>98,596,825</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 28,655,887</u>	<u>\$ 28,526,973</u>	<u>\$ 63,064,370</u>	<u>\$ 32,937,361</u>	<u>\$ 5,783,114</u>	

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

Capital assets used in governmental activities are not financial resources.	264,145,312
Other long-term assets and deferred outflows of resources are not available to pay for current expenditures.	30,318,890
Long-term liabilities, including bonds payable and pension liability, are not due and payable in the current period.	(89,294,823)
Deferred inflows and outflows of resources related to pensions are not applicable to the current period.	3,312,501
Net assets of governmental activities	<u>\$ 307,078,705</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 Balances

Governmental Funds

For the Year Ended June 30, 2018

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES						
Taxes	\$ 31,244,363	\$ 13,285,228	\$ -	\$ -	\$ -	\$ 44,529,591
Licenses and Permits	3,579,710	-	-	-	-	3,579,710
Intergovernmental	2,719,060	-	-	-	236,743	2,955,803
Charges for Services	5,532,701	-	-	-	3,828,731	9,361,432
Fines and Forfeitures	601,668	-	-	-	-	601,668
Special Assessments	-	-	-	3,093,546	-	3,093,546
Interest	623,011	297,310	667,830	1,030,214	57,173	2,675,538
Impact Fees	-	-	2,624,781	-	-	2,624,781
Miscellaneous	763,023	1,463,322	1,068,850	147,569	41,312	3,484,076
Total Revenues	<u>45,063,536</u>	<u>15,045,860</u>	<u>4,361,461</u>	<u>4,271,329</u>	<u>4,163,959</u>	<u>72,906,145</u>
EXPENDITURES						
Current						
General Government	10,816,324	638,907	107,628	21,350	-	11,584,209
Community Services	1,112,654	-	-	-	-	1,112,654
Development Services	4,187,866	-	-	-	33,032	4,220,898
Public Works	8,968,232	-	513,604	-	1,179,420	10,661,256
Recreation	-	-	-	-	1,682,459	1,682,459
Public Safety	13,455,781	-	38,270	-	-	13,494,051
Tax Increment Distributions	-	7,674,396	-	-	-	7,674,396
Capital Outlay and Projects	988,743	106,475	13,511,314	-	203,711	14,810,243
Developer Reimbursement	-	-	5,412,565	-	-	5,412,565
Debt Service						
Principal	789,712	1,054,000	-	2,762,000	590,000	5,195,712
Interest and Fees	9,964	142,772	-	2,745,888	135,319	3,033,943
Total Expenditures	<u>40,329,276</u>	<u>9,616,550</u>	<u>19,583,381</u>	<u>5,529,238</u>	<u>3,823,941</u>	<u>78,882,386</u>
Excess (Deficiency) of Revenues						
Over Expenditures	<u>4,734,260</u>	<u>5,429,310</u>	<u>(15,221,920)</u>	<u>(1,257,909)</u>	<u>340,018</u>	<u>(5,976,241)</u>
OTHER FINANCING SOURCES (USES)						
Sale of Capital Assets	90,791	-	676,505	-	52	767,348
Transfers In	1,460,045	-	5,033,389	2,688,432	728,819	9,910,685
Transfers Out	(6,302,000)	(1,490,676)	221,915	-	(2,447,015)	(10,017,776)
Total Other Financing Sources (Uses)	<u>(4,751,164)</u>	<u>(1,490,676)</u>	<u>5,931,809</u>	<u>2,688,432</u>	<u>(1,718,144)</u>	<u>660,257</u>
Net Change in Fund Balances	(16,904)	3,938,634	(9,290,111)	1,430,523	(1,378,126)	(5,315,984)
Fund Balances - July 1	<u>10,308,471</u>	<u>14,447,671</u>	<u>70,574,785</u>	<u>1,922,376</u>	<u>6,659,506</u>	<u>103,912,809</u>
Fund Balances - June 30	<u>\$ 10,291,567</u>	<u>\$ 18,386,305</u>	<u>\$ 61,284,674</u>	<u>\$ 3,352,899</u>	<u>\$ 5,281,380</u>	<u>\$ 98,596,825</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, 2018

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

Net Change in Fund Balance -- Total Governmental Funds	\$ (5,315,984)
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 capital outlays exceeded depreciation in the current period.	4,647,141
The net effect of various miscellaneous transactions involving capital assets (<i>i.e.</i> , sales, trade-ins, and donations) is to increase net position.	6,510,889
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(3,402,331)
The Statement of Activities reports net pension expense, benefit expense, and nonemployer contribution revenue from the application of GASB 68 which is not shown in the fund statements.	(530,331)
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.	5,705,864
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>(172,707)</u>
Change in net position of governmental activities	<u><u>\$ 7,442,541</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.

NONMAJOR FUNDS

Nonmajor Funds

Nonmajor proprietary funds are presented by fund type beginning on page 111.



CITY OF SOUTH JORDAN
Statement of Net Position
Proprietary Funds
June 30, 2018

	Water Fund	Nonmajor Proprietary Funds	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 32,041,179	\$ 5,132,967	\$ 37,174,146
Accounts Receivable Net of Allowance	3,469,674	414,356	3,884,030
Inventories	49,333	29,545	78,878
Total Current Assets	<u>35,560,186</u>	<u>5,576,868</u>	<u>41,137,054</u>
Noncurrent Assets			
Restricted Cash	3,034,568	-	3,034,568
Net Pension Asset	3	124	127
Investment in Landfill	-	3,477,699	3,477,699
Capital Assets			
Land	2,599,425	9,956,618	12,556,043
Water Shares	18,961,482	-	18,961,482
Buildings and Structures	1,493,756	699,799	2,193,555
Improvements - Other than Buildings	120,699,680	357,798	121,057,478
Machinery and Equipment	2,704,594	1,573,767	4,278,361
Construction in Progress	16,006,404	-	16,006,404
Less Accumulated Depreciation	<u>(47,469,245)</u>	<u>(1,958,835)</u>	<u>(49,428,080)</u>
Capital Assets (Net of Accum Depreciation)	<u>114,996,096</u>	<u>10,629,147</u>	<u>125,625,243</u>
Total Noncurrent Assets	<u>118,030,667</u>	<u>14,106,970</u>	<u>132,137,637</u>
Total Assets	<u>153,590,853</u>	<u>19,683,838</u>	<u>173,274,691</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	322,066	-	322,066
Resources Related to Pensions	68,616	21,080	89,696
Total Deferred Outflows of Resources	<u>390,682</u>	<u>21,080</u>	<u>411,762</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	2,661,400	246,982	2,908,382
Accrued Liabilities	288,598	102,561	391,159
Interest Payable	130,212	-	130,212
Construction Bonds and Refunds	64,425	-	64,425
Compensated Absences	75,870	22,322	98,192
Bonds Payable	2,630,000	-	2,630,000
Total Current Liabilities	<u>5,850,505</u>	<u>371,865</u>	<u>6,222,370</u>
Noncurrent Liabilities			
Compensated Absences	31,792	5,721	37,513
Bonds and Leases Payable	16,026,203	-	16,026,203
Net Pension Liability	445,479	83,219	528,698
Total Noncurrent Liabilities	<u>16,503,474</u>	<u>88,940</u>	<u>16,592,414</u>
Total Liabilities	<u>22,353,979</u>	<u>460,805</u>	<u>22,814,784</u>
DEFERRED INFLOWS OF RESOURCES			
Resources Related to Pensions	<u>313,503</u>	<u>71,583</u>	<u>385,086</u>
NET POSITION			
Net Investment in Capital Assets	96,661,959	10,629,147	107,291,106
Restricted for:			
Capital Improvements	5,043,753	-	5,043,753
Debt Service	3,034,568	-	3,034,568
Unrestricted	<u>26,573,773</u>	<u>8,543,383</u>	<u>35,117,156</u>
Total Net Position	<u>\$ 131,314,053</u>	<u>\$ 19,172,530</u>	<u>\$ 150,486,583</u>

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, 2018

	Water Fund	Nonmajor Proprietary Funds	Total
OPERATING REVENUES			
Charges for Services			
Operations	\$ 745,524	\$ 4,616,982	\$ 5,362,506
Pledged as Security for Revenue Bonds	19,877,410	-	19,877,410
Miscellaneous	581,472	479	581,951
Total Operating Revenues	<u>21,204,406</u>	<u>4,617,461</u>	<u>25,821,867</u>
OPERATING EXPENSES			
Costs of Services	11,352,681	3,471,401	14,824,082
General and Administrative	1,558,439	374,340	1,932,779
Depreciation	3,884,628	136,593	4,021,221
Total Operating Expenses	<u>16,795,748</u>	<u>3,982,334</u>	<u>20,778,082</u>
Operating Income	<u>4,408,658</u>	<u>635,127</u>	<u>5,043,785</u>
NON-OPERATING REVENUES (EXPENSES)			
Increase in Joint Venture	-	276,875	276,875
Interest	556,148	72,303	628,451
Bond Issuance Costs	(156,654)	-	(156,654)
Gain (Loss) on Sale of Capital Assets	8,608	-	8,608
Interest and Fees	(625,387)	-	(625,387)
Total Non-Operating Revenue (Expenses)	<u>(217,285)</u>	<u>349,178</u>	<u>131,893</u>
Income Before Contributions and Transfers	<u>4,191,373</u>	<u>984,305</u>	<u>5,175,678</u>
CONTRIBUTIONS AND TRANSFERS			
Capital Contributions, Impact Fees and Other	2,075,071	-	2,075,071
Transfers In	112,000	-	112,000
Transfers Out	(4,168)	(741)	(4,909)
Total Contributions and Transfers	<u>2,182,903</u>	<u>(741)</u>	<u>2,182,162</u>
Change in Net Position	6,374,276	983,564	7,357,840
Net Position - Beginning	124,939,777	18,188,966	143,128,743
Net Position - Ending	<u>\$ 131,314,053</u>	<u>\$ 19,172,530</u>	<u>\$ 150,486,583</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, 2018

	Water Fund	Nonmajor Proprietary Funds	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 22,042,475	\$ 4,681,143	\$ 26,723,618
Payments to Suppliers	(8,705,288)	(2,732,713)	(11,438,001)
Interfund Services	(1,558,439)	(381,997)	(1,940,436)
Payments to Employees	(1,643,275)	(691,741)	(2,335,016)
Net Cash Provided by Operating Activities	<u>10,135,473</u>	<u>874,692</u>	<u>11,010,165</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	112,000	-	112,000
Transfers Out	(4,168)	(741)	(4,909)
Net Cash Used by Noncapital Financing Activities	<u>107,832</u>	<u>(741)</u>	<u>107,091</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Impact Fees	1,296,910	-	1,296,910
Purchase of Capital Assets	(5,336,106)	(47,725)	(5,383,831)
Principal Paid on Capital Debt	(2,485,000)	(10,151)	(2,495,151)
Interest Paid on Capital Debt	(565,443)	-	(565,443)
Proceeds from Issuance of Debt	13,651,085	-	13,651,085
Payment to Refunding Paid	(13,491,553)	-	(13,491,553)
Bond Issuance Costs	(156,654)	-	(156,654)
Proceeds From Sale of Capital Assets	8,608	-	8,608
Net Cash Used by Capital and Related Financing Activities	<u>(7,078,154)</u>	<u>(57,876)</u>	<u>(7,136,030)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	556,149	72,303	628,452
Net Increase (Decrease) in Cash and Cash Equivalents	<u>3,721,299</u>	<u>888,378</u>	<u>4,609,677</u>
Cash and Cash Equivalents - Beginning of Year	31,354,448	4,244,589	35,599,037
Cash and Cash Equivalents - End of Year	<u>\$ 35,075,747</u>	<u>\$ 5,132,967</u>	<u>\$ 40,208,714</u>
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income	<u>\$ 4,408,658</u>	<u>\$ 635,127</u>	<u>\$ 5,043,785</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation Expense	3,884,628	136,593	4,021,221
(Increase) Decrease in Receivables	683,601	(2,195)	681,406
(Increase) Decrease in Inventory	8,320	3,003	11,323
(Increase) Decrease in Deferred Outflows Related to Pensions	125,538	51,021	176,559
Increase (Decrease) in Accounts Payable	821,434	(21,674)	799,760
Increase (Decrease) in Accrued Liabilities	162,198	67,569	229,767
Increase (Decrease) in Accrued Vacation and Sick Leave	6,582	(2,052)	4,530
Increase (Decrease) in Net Pension Liability	(149,606)	(31,642)	(181,248)
Increase (Decrease) in Deferred Inflows Related to Pensions	184,120	38,941	223,061
Total Adjustments	<u>5,726,815</u>	<u>239,565</u>	<u>5,966,380</u>
Net Cash Provided by Operating Activities	<u>\$ 10,135,473</u>	<u>\$ 874,692</u>	<u>\$ 11,010,165</u>
Noncash Investing, Capital, and Financing Activities:			
Contributions of Capital Assets From Developers	\$ 778,161	\$ -	\$ 778,161
Increase in Equity Investment in Trans-Jordan Landfill	-	276,875	276,875

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

FIDUCIARY FUNDS

MFTC Fund

This fund is used to account for the activities of the Metro Fire Testing Consortium, which was created to enhance efficiencies between member agencies and applicants for the positions of entry-level firefighter EMT, AEMT, firefighter paramedic, and paramedic.



CITY OF SOUTH JORDAN
Statement of Fiduciary Net Position
Metro Fire Testing Consortium (MFTC) Fund
June 30, 2018

	Agency Fund
	<u> </u>
ASSETS	
Cash and Cash Equivalents	\$ 15,013
Prepaid Items	-
Total Assets	<u>\$ 15,013</u>
LIABILITIES	
Accounts Payable and Accrued Liabilities	-
Due to Other Governments	15,013
Total Liabilities	<u>\$ 15,013</u>
NET POSITION	
Net position held in trust	<u><u>\$ -</u></u>

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. The Chief Financial Officer/Budget Officer 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, water, public improvements, planning and zoning, and general administrative services.

The Comprehensive Annual Financial Report (CAFR) 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, as amended. The primary criterion for including a board or an agency in this report is financial accountability, which determines whether an entity is a component unit of the financial reporting entity. Blended component units, although legally separate entities, are in substance, part of the government's operations, 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

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 because the governing board in each case is the same governing board of the City. In addition, the primary government has operational responsibility for both the Municipal Building Authority and the Redevelopment Agency. There is also a direct financial benefit/burden relationship between the Municipal Building Authority and the Redevelopment Agency with the primary government.

The Municipal Building Authority is presented as a debt service fund in the financial statements, 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 or online at www.sjc.utah.gov.

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 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 the amount is 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 *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 City areas. The major source of revenue for this fund is tax increment revenue.

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 *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 government reports the following major proprietary fund:

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

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.

The *Agency Fund* accounts for fire employment testing fees collected and expended for the Metro Fire Testing Consortium (MFTC).

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, United States Treasury bills, money market funds, and various investment securities. Investments are stated at fair value.

2. Receivables and Payables

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

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 the government-wide statements. Prepaid expenditures of governmental funds are recorded as expenditures when purchased using the purchases method.

4. Restricted Assets/Restricted Net Position

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

Restricted net position represents resources that are subject to external restrictions on how they may be used. Of the \$46,104,042 reported as restricted net position in the statement of net position, \$16,755,804 is restricted due to enabling legislation (\$11,712,051 for governmental activities and \$5,043,753 for 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, donated works of art and similar items, and capital assets received in a service concession arrangement are reported at acquisition value rather than fair value.

The costs of normal maintenance and repairs that do not add to the functionality of the 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 are 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 net 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 two items that qualify for reporting in this category – a deferred charge on refunding and resources related to pensions, both of which are reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows of resources related to pensions results from the difference between projected and actual earnings on pension plan investments.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This financial statement element represents an acquisition of net 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, *deferred revenue*, which qualifies for reporting in this category on both the government-wide statement of net position and governmental funds balance sheet. Both statements report unavailable revenue due to property taxes, while the governmental funds balance sheet also reports unavailable revenue due to special assessments. In addition, the statement of net position reports *resources related to pensions*, which relates to the differences between expected and actual experience along with changes in assumptions for the City's pensions. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

7. Compensated Absences

City employees accrue earned vacation and sick leave throughout the year. 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

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

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

- **Nonspendable.** This 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 capital lease proceeds, grant revenue, police forfeiture money, and liquor allotment from the state of Utah.
- **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. The City currently has no items in this category.
- **Assigned.** This fund balance classification includes amounts that are constrained by the City's intent to use the funds for specific purposes, but are neither restricted nor committed, as established by the Chief Financial Officer/Budget Officer. Also included are all remaining amounts that are reported in governmental funds, other than the general fund, that are not classified as nonspendable, restricted, or committed or in the general fund that are intended to be used for specific purposes. The City currently has multiple general fund assignments as detailed on the next page.
- **Unassigned.** Residual balances in the general fund are classified as unassigned. The general fund is the only fund that reports a positive unassigned fund balance. However, in governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned, it may be necessary to report a negative unassigned fund balance in that fund.

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

CITY OF SOUTH JORDAN
Notes to the Financial Statements
 June 30, 2018

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 2018, this amount is \$2,395,903.

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

FUND BALANCES	General	RDA	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable						
Inventory	\$ 70,634	\$ -	\$ -	\$ -	\$ 2,526	\$ 73,160
Restricted						
Debt Service	-	301,971	42,308	3,158,536	73	3,502,888
Construction	-	-	22,547,104	-	-	22,547,104
Impact Fees	-	-	11,712,051	-	-	11,712,051
Public Safety Forfeiture/State Grants	49,270	-	-	-	-	49,270
Liquor Allotment	214,408	-	-	-	-	214,408
Committed	-	-	-	-	-	-
Assigned						
Debt Service	-	-	-	194,363	-	194,363
RDA	-	18,084,334	-	-	-	18,084,334
Capital Projects	-	-	26,983,211	-	-	26,983,211
Storm Drain Projects	-	-	-	-	3,184,750	3,184,750
Fitness Center	-	-	-	-	1,754,802	1,754,802
Arts Council Master Plan	30,000	-	-	-	-	30,000
Traget Solutions - Tracking System	24,599	-	-	-	-	24,599
Y2 Analyticss - Research	8,235	-	-	-	-	8,235
Basesball Field Repairs	37,028	-	-	-	-	37,028
LED Light Bulbs	34,000	-	-	-	-	34,000
Arts Council Donation	5,176	-	-	-	-	5,176
MBA	-	-	-	-	339,229	339,229
Unassigned	<u>9,818,217</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,818,217</u>
Total Fund Balances	<u>\$ 10,291,567</u>	<u>\$ 18,386,305</u>	<u>\$ 61,284,674</u>	<u>\$ 3,352,899</u>	<u>\$ 5,281,380</u>	<u>\$ 98,596,825</u>

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.

12. Pensions

For purposes of measuring net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utah Retirement Systems Pension Plan (URS) and additions to/deductions from URS's fiduciary net position have been determined on the same basis as they are reported by URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets.

Capital related items:

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	\$389,926,706
Accumulated depreciation	<u>(125,781,394)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u>\$264,145,312</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

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	\$ 75,179,000
Deferred refunding bond reacquisition costs (to be amortized over life of original debt)	(331,297)
Bond premium (to be amortized to interest income)	5,188,937
Accrued interest payable	806,503
Compensated absences	1,911,692
Claims and judgments	229,567
Net Pension Liability	<u>6,310,421</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 89,294,823</u>

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 a reduction of expense or revenue when earned.

Special assessments	\$ 29,578,191
Delinquent property taxes	85,291
Prepaid Expenses	88,631
Other Long Term Assets	19,021
Net pension asset	<u>547,756</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 30,318,890</u>

Deferred Inflows and Outflows Related to Pensions:

Deferred inflows and outflows related to the City’s net pension asset and net pension liability represent acquisition and consumption of net position that are not applicable in the current period, and therefore not reported in the governmental funds balance sheet. However, these deferred inflows and outflows are reported in the statement of net position.

Deferred outflows related to pensions	\$ 8,754,560
Deferred inflows related to pensions	<u>(5,442,059)</u>
Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 3,312,501</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	\$14,320,332
Depreciation expense	<u>(9,673,191)</u>
Net adjustment to increase <i>net changes in fund balances- total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 4,647,141</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

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 *gain* 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. (\$ 770,851)

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. 7,281,740

Net adjustment to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* \$ 6,510,889

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	(\$3,475,149)
Delinquent property taxes	16,807
Other Accrued Revenue	<u>56,011</u>

Net adjustment to decrease *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities* (\$3,402,331)

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

Another element of that reconciliation states that “The Statement of Activities reports net pension expense, benefit expense, and nonemployer contribution revenue from the application of GASB 68 which is not shown in the fund statements.”

Net pension expense	(\$3,788,714)
Benefit expense	3,236,250
Nonemployer contributions (fire premium tax or court fees)	<u>22,133</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>(\$ 530,331)</u>
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Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, 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:	
Deferred refunding costs amortization	(\$ 49,138)
Total debt incurred	<u>(\$ 49,138)</u>

Principal payments:	
Capital leases	\$ 789,712
MBA revenue bonds	590,000
Special assessment refunding bonds	677,000
Redevelopment agency bonds	1,659,000
Sales tax bonds	825,000
2016 Special Assessment bonds	655,000
Claims and Judgements	258,556
Bond premium amortization	<u>300,734</u>
Total principal payments	<u>\$ 5,755,002</u>

Net adjustments to increase *net changes in fund balances-total*

CITY OF SOUTH JORDAN
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<i>governmental funds to arrive at changes in net position of governmental activities</i>	<u>\$ 5,705,864</u>
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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	\$ (114,494)
Accrued interest	(146,844)
Prepaid Expenses	<u>88,631</u>
Net adjustment to decrease <i>net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities</i>	<u>(\$ 172,707)</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 the 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 (GAAP). All funds of the City, with the exception of the agency fund, 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 Chief Financial Officer/Budget Officer submits a proposed operating 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.

CITY OF SOUTH JORDAN
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- 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 Chief Financial Officer/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 do not carry over to the following year and are subject to re-appropriation. Therefore, no encumbrances are presented in the financial statements.

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

NOTE 4 – CASH, CASH EQUIVALENTS AND INVESTMENTS

The City maintains a cash and investment pool that is available for use by all funds. At June 30, 2018, the City’s cash balance consisted of the following:

	<u>Total Cash from All Fund Types</u>
Cash	\$ 2,922,601
Cash Equivalents and Investments	<u>141,319,822</u>
Total Cash and Cash Equivalents	<u>\$144,242,423</u>

While the City’s carrying amount of deposits was \$144,242,423 the balance in the City’s bank account and cash on hand was \$148,141,531, with the difference being due to outstanding checks and deposits in transit.

CITY OF SOUTH JORDAN
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A. Custodial Credit Risk

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City’s deposits may not be recovered. The City’s policy for managing custodial credit risk is to adhere to the Utah Money Management Act. The Act requires all deposits of the City to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council. As of June 30, 2018, the deposits are as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2018</u>
Checking and Cash on Hand	Insured	\$ 30,267
Investment Sweep	Insured	50,520
Investment Sweep	Uninsured and Uncollateralized	6,778,288
Total Deposits		<u>\$ 6,859,075</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 \$141,301,168 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.

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Notes to the Financial Statements
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B. Credit Risk

Credit risk is the risk that the counterparty to an investment will not fulfill its obligations. The City’s policy for limiting the credit risk of investments is to comply with the Utah Money Management Act. The Act requires investment transactions to be conducted only through qualified depositories, certified dealers, or directly with issuers of investment securities. Permitted investments include deposits of qualified depositories; repurchase agreements; commercial paper that is classified as “first-tier” by two nationally recognized statistical rating organizations, one of which must be Moody’s Investor Service or Standard & Poor’s; bankers acceptances; obligations of the U.S. treasury and U.S. government sponsored enterprise; bonds and notes of political subdivisions of the state of Utah; fixed rate corporate obligations and variable rate 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 basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants’ average daily balances. The fair value of the City’s investment in the Utah Public Treasurer’s Investment Fund is calculated by multiplying the pool’s fair value per share times the City’s pool balance. The following are the City’s investments as of June 30, 2018:

Investments	Investment Maturities (in Years)				Quality Ratings
	Less Than 1	1-5	6-10	More Than 10	
Collateralized Money					
Market	\$ 183,826	\$ -	\$ -	\$ -	AAA
Money Market	301,971	-	-	-	Unrated
Utah Public Treasurer’s Investment Fund	116,778,674	-	-	-	Unrated
US Government or					
US Agencies	1,194,749	9,243,540	-	-	AAA
Corporate Notes	7,121,400	6,477,008	-	-	A+ to A-
Total Investments	<u>\$ 125,580,620</u>	<u>\$ 15,720,548</u>	<u>\$ -</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 exposure 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 Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to between 270 days and 15 months, or less.

The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years. Maturities of the City's investments are noted above. The City does not have its own formal policy relating to investment-related risk.

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 Money Management 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.

At June 30, 2018, South Jordan City does not hold more than 5 percent of the portfolio in any single security concentration other than U.S Government treasuries and agencies. 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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E. Fair Value of Investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles (GAAP). These guidelines recognize a three-tiered fair value hierarchy as follows:

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

As of June 30, 2018, the City had the following recurring fair value measurements:

- Money market, collateralized money market, US Government and US Agencies totaling \$10,924,086 valued using quoted market prices (Level 1 inputs).
- Utah Public Treasurer’s Investment Fund totaling \$116,778,674 valued using the application of the June 30, 2018, fair value factor, as calculated by the Utah State Treasurer, to the City’s average daily balance in the fund (Level 2 inputs).
- Corporate note securities totaling \$13,598,408 valued using quoted prices for similar securities in active markets (level 2 inputs).

NOTE 5 – RECEIVABLES

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

	General	RDA	Capital Projects	Debt Service	Nonmajor Governmental	Water	Nonmajor Enterprise	Total
Receivables:								
Accounts	\$ 167,981	\$ -	\$ -	\$ -	\$ 282,302	\$3,494,780	\$ 415,451	\$ 4,360,514
Property Tax	10,761,304	10,140,000	-	-	-	-	-	20,901,304
Other Taxes	3,444,747	-	-	-	-	-	-	3,444,747
Intergovernmental	465,859	-	-	-	35,887	-	-	501,746
Special								
Assessments	-	-	-	29,578,191	-	-	-	29,578,191
Less: Allowance for Uncollectible Accounts	-	-	-	-	(424)	(25,106)	(1,095)	(26,625)
	<u>\$14,839,891</u>	<u>\$10,140,000</u>	<u>\$ -</u>	<u>\$29,578,191</u>	<u>\$ 317,766</u>	<u>\$3,469,674</u>	<u>\$ 414,356</u>	<u>\$58,759,878</u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
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NOTE 6 – INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers:

	Transfer Out						Total
	General	RDA	Debt Service	Capital Projects	Nonmajor Govrnmtl.	Business-Type	
Transfer In:							
General	\$ -	\$ 19	\$ -	\$ 1,410,702	\$ 44,415	\$ 4,909	\$ 1,460,045
Capital Projects	4,798,057	-	-	-	2,402,600	-	7,200,657
Debt Service	1,486,943	766,838	-	434,651	-	-	2,688,432
Business Type	12,000	-	-	100,000	-	-	112,000
Nonmajor Govtl.	5,000	723,819	-	-	-	-	728,819
Total Transfer Out	<u>\$6,302,000</u>	<u>\$1,490,676</u>	<u>\$ -</u>	<u>\$ 1,945,353</u>	<u>\$2,447,015</u>	<u>\$ 4,909</u>	<u>\$12,189,953</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 fund and risk management charges in the general fund.

Interfund Receivables / Payables

During fiscal year 2014, Mulligans acquired a note with the capital projects fund in the amount of \$24,643 to purchase equipment. This note carries an interest rate of 2.0 percent and will be repaid with annual principal and interest payments through July 2018. This note was fully repaid as of June 2018.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
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NOTE 7 – CAPITAL ASSET

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 69,519,228	\$ 4,511,342	\$ 591,856	\$ 73,438,714
Land Right of Way	8,216,956	-	-	8,216,956
Construction in Progress	10,409,910	12,174,191	146,207	22,437,894
Total capital assets not being depreciated	<u>88,146,094</u>	<u>16,685,533</u>	<u>738,063</u>	<u>104,093,564</u>
Capital assets being depreciated:				
Buildings	30,449,302	-	-	30,449,302
Improvements	233,388,126	4,454,324	-	237,842,450
Machinery and Equipment	17,446,357	608,421	513,388	17,541,390
Total capital assets being depreciated	<u>281,283,785</u>	<u>5,062,745</u>	<u>513,388</u>	<u>285,833,142</u>
Less accumulated depreciation for:				
Buildings	12,630,552	1,059,141	-	13,689,693
Improvements	93,352,022	7,262,631	-	100,614,653
Machinery and Equipment	10,460,022	1,351,419	334,393	11,477,048
Total accumulated depreciation	<u>116,442,596</u>	<u>9,673,191</u>	<u>334,393</u>	<u>125,781,394</u>
Total capital assets, being depreciated, net	<u>164,841,189</u>	<u>(4,610,446)</u>	<u>178,995</u>	<u>160,051,748</u>
Governmental activities capital assets, net	<u>\$ 252,987,283</u>	<u>\$ 12,075,087</u>	<u>\$ 917,058</u>	<u>\$ 264,145,312</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 12,556,043	\$ -	\$ -	\$ 12,556,043
Construction in Progress	11,282,461	4,726,443	2,500	16,006,404
Water Shares	18,961,482	-	-	18,961,482
Total capital assets not being depreciated	<u>42,799,986</u>	<u>4,726,443</u>	<u>2,500</u>	<u>47,523,929</u>
Capital assets being depreciated:				
Buildings	2,193,555	-	-	2,193,555
Improvements	120,086,580	970,898	-	121,057,478
Machinery and Equipment	3,857,670	588,502	167,811	4,278,361
Total capital assets being depreciated	<u>126,137,805</u>	<u>1,559,400</u>	<u>167,811</u>	<u>127,529,394</u>
Less accumulated depreciation for:				
Buildings	1,288,807	77,377	-	1,366,184
Improvements	41,435,796	3,672,520	-	45,108,316
Machinery and Equipment	2,728,716	271,324	46,460	2,953,580
Total accumulated depreciation	<u>45,453,319</u>	<u>4,021,221</u>	<u>46,460</u>	<u>49,428,080</u>
Total capital assets, being depreciated, net	<u>80,684,486</u>	<u>(2,461,821)</u>	<u>121,351</u>	<u>78,101,314</u>
Business-type activities capital assets, net	<u>\$ 123,484,472</u>	<u>\$ 2,264,622</u>	<u>\$ 123,851</u>	<u>\$ 125,625,243</u>

CITY OF SOUTH JORDAN
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Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 1,374,160
Development Services	30,040
Public Works	7,267,467
Public Safety	530,205
Recreation	427,134
Community Services	44,185
Total Depreciation Expense - Governmental Activities	<u>\$ 9,673,191</u>
 Business-Type Activities:	
Water	3,884,628
Mulligans	47,763
Sanitation	88,830
Total Depreciation Expense - Business-Type Activities	<u>4,021,221</u>
Total Depreciation Expense	<u><u>\$13,694,412</u></u>

Construction Commitments

The City has various construction projects as of June 30, 2018, with commitments to contractors as follows:

<u>Project</u>	<u>Remaining Commitment</u>
Park Projects	\$ 7,912,785
Storm Drain Projects	2,325,102
Water Projects	6,997,931
Road Projects	2,799,590
Mulligans Projects	65,000
General Projects	884,079
Capital Projects	21,820,294
Total	<u><u>\$ 42,804,781</u></u>

NOTE 8 - LEASE COMMITMENTS

During fiscal year 2015, the City executed a new lease in the amount of \$1,385,000 payable in yearly installments over 3 years. Final payment was made in fiscal year 2018.

During fiscal year 2016, the City executed a new lease in the amount of \$970,000 payable in yearly installments over 2 years. Final payment was made in fiscal year 2018.

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Machinery & Equipment	\$ 2,942,164	\$ 549,147
Less: Accumulated Depreciation	<u>(1,518,440)</u>	<u>(549,147)</u>
Total	<u>\$ 1,423,724</u>	<u>\$ -</u>

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

The City has no future minimum capital lease payments as of June 30, 2018.

The City leases fire apparatuses under noncancelable operating leases. Under the lease, \$183,828 will be due each year from fiscal year 2016 to fiscal year 2022.

NOTE 9 - LONG-TERM DEBT

Bonds and notes payable at June 30, 2018, are comprised of the following:

Revenue Bonds:

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%. This bond contains a provision that states, in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 2,149,000

CITY OF SOUTH JORDAN
Notes to the Financial Statements
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2008 Sales Tax Revenue Bonds:

\$8,115,000 Sales Tax Revenue Bonds due in annual principal and semi-annual interest payments through August 2023 – Interest is at a varying rate from 4.00% to 5.25%.

This bond contains a provision that states, in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments.

\$ 3,965,000

2009 Water Revenue Bonds:

\$10,025,000 Water Revenue Bonds due in annual principal and semi-annual interest payments through November 2023 – Interest is at a varying rate of 4.00% to 5.00%. This bond contains a provision that states, in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments.

\$ 4,815,000

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 October 2023 – Interest is at a varying rate of 2.00% to 3.375%. This bond is secured with collateralized assets including the South Jordan Recreation Center, South Jordan Gale Center, and other properties. This bond contains a provision that in the event of default, outstanding amounts are due immediately. The City expects to make all payments.

\$ 3,940,000

2015 RDA Subordinate Sales and Tax Increment Bonds:

\$13,035,000 2015 RDA Subordinate Sales and Tax Increment Bonds due in annual principal and semi-annual interest payments Through April 2032 – Interest is at a varying rate of 3.00% to 5.00%. This bond contains a provision that states, in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments.

\$ 12,430,000

CITY OF SOUTH JORDAN
Notes to the Financial Statements
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2017 Sales Tax Revenue Refunding Bonds:

\$21,155,000 Sales Tax Revenue and Refunding Bonds due in annual principal and semi-annual interest payments through February 2040 – Interest is at a varying rate of 3.00% to 5.00%. This bond contains a provision that in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments.

\$ 20,880,000

2017 Water Revenue and Refunding Bonds:

\$12,240,000 Water Revenue and Refunding Bonds due in annual principal and semi-annual interest payments through November 2024 – Interest is at a varying rate of 4.00% to 5.00%. This bond contains a provision that in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments.

\$ 12,240,000

Fiscal Year	Revenue Bonds			
	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 3,570,000	\$ 1,916,880	\$ 2,630,000	\$ 725,054
2020	3,614,000	1,770,366	2,785,000	602,954
2021	2,675,000	1,611,206	2,880,000	468,513
2022	2,785,000	1,493,635	2,785,000	333,378
2023	2,905,000	1,370,969	2,915,000	207,235
2024-2028	10,075,000	5,214,606	3,060,000	73,830
2029-2033	9,100,000	2,919,225	-	-
2034-2038	5,885,000	1,354,250	-	-
2039-2040	2,755,000	139,375	-	-
Total	\$ 43,364,000	\$ 17,790,512	\$ 17,055,000	\$ 2,410,964

The City has pledged sales tax revenue for the 2008 Sales Tax Revenue Bonds, 2015 RDA Subordinate Sales Tax and Tax Increment Bonds, and 2017 Sales Tax Revenue Refunding Bonds. The remaining principal and interest payments total \$54,532,257. For the current year, principal and interest paid and total pledged sales tax revenues were \$3,100,453

CITY OF SOUTH JORDAN
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and \$15,467,338, respectively. It is estimated that annual principal and interest payments on the bonds will require 19 percent of pledged revenues. It is important to note that sales tax is pledged on the 2015 RDA Subordinate Sales Tax and Tax Increment bonds only to the extent project area tax increment is insufficient to cover debt service on the bond.

The City has pledged water revenue for the 2009 Water Revenue Bonds and 2017 Water Revenue and Refunding Bonds. The remaining principal and interest payments total \$19,465,964. For the current year, principal and interest paid and pledged water revenues were \$16,247,656 (this includes \$15,336,552 that was refinanced in the 2017 Water Revenue and Refunding Bond) and \$19,188,887, respectively. It is estimated that annual principal and interest payments on the bonds will require 18 percent of pledged revenues.

The City has also pledged RDA tax increment revenue for the 2008 Redevelopment Agency Tax Increment Bonds and 2015 RDA Subordinate Sales Tax and Tax Increment Bonds. The remaining principal and interest payments total \$19,232,702. For the current year, principal and interest paid and pledged revenues were \$2,366,872 and \$2,366,872 respectively. It is estimated that annual principal and interest payments on the bonds will require 81 percent of pledged revenues.

Special Assessment Bond:

2016 Special Assessment Bonds:

\$32,675,000 Special Assessment Bonds (Daybreak Assessment Area No. 1) due in annual principal and semi-annual interest payments through November 2036 - Interest is at varying rates from 2.00 to 4.00%. 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. This bond contains a provision that states, in the event of default, outstanding amounts become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 31,185,000

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Fiscal Year	Special Assessment Bond	
	Governmental	
	Principal	Interest
2019	\$ 1,235,000	\$ 1,009,131
2020	1,265,000	984,131
2021	1,305,000	945,381
2022	1,360,000	892,081
2023	1,400,000	843,881
2024-2028	7,685,000	3,549,628
2029-2033	9,115,000	2,104,113
2034-2037	8,450,000	538,282
Total	<u>\$ 31,815,000</u>	<u>\$ 10,866,628</u>

Notes Payable:

\$229,567 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 annually – This note bears no interest.

All Notes and Bonds Payable:

The future annual requirements for all outstanding bond and note obligations as of June 30, 2018, are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
2019	\$ 7,664,567	\$ 3,651,066	\$ 11,315,633
2020	7,664,000	3,357,452	11,021,452
2021	6,860,000	3,025,101	9,885,101
2022	6,930,000	2,719,095	9,649,095
2023	7,220,000	2,422,085	9,642,085
2024-2028	20,820,000	8,838,064	29,658,064
2029-2033	18,215,000	5,023,338	23,238,338
2034-2038	14,335,000	1,892,531	16,227,531
2039-2040	2,755,000	139,375	2,894,374
Total	<u>\$ 92,463,567</u>	<u>\$ 31,068,106</u>	<u>\$ 123,531,673</u>

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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, \$5,105,000 of the bonds' original debt is still outstanding.

During fiscal year 2017, the City issued \$21,155,000 of Sales Tax Revenue and Refunding bonds to provide resources to build a new public safety building and refinance the 2006 Sales Tax Revenue bond. As a result, \$8,230,000 of the principal was removed from the governmental activities column of the statement of net position. The outstanding bond principal of \$8,230,000 was retired in 2017. The transaction resulted in a reduction in future debt service payments of \$1,133,490 and resulted in an economic gain of \$708,662.

During fiscal year 2018, the City issued \$13,491,553 of Water Revenue bonds for a current refunding of \$13,491,553 of the series 2007 Water Revenue and Refunding bond. The refunding was undertaken to reduce total future debt service payments. The transaction resulted in a reduction in future debt service payments of \$1,565,358 and resulted in an economic gain of \$1,396,431.

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Notes to the Financial Statements
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Changes in Long-Term Debt

	July 1 2017	Additions	Reductions	June 30 2018	Due in One Year
Governmental Activities:					
Bonds Payable:					
2007 Special Assessment Refunding Bonds	\$ 677,000	\$ -	\$ 677,000	\$ -	\$ -
2008 RDA Tax Increment Bonds	3,203,000	-	1,054,000	2,149,000	1,100,000
2008 Sales Tax Revenue Bonds	4,515,000	-	550,000	3,965,000	575,000
2011 MBA Lease Revenue Refunding Bonds	4,530,000	-	590,000	3,940,000	610,000
2015 RDA Subordinate Sales Tax and Tax Increment Bonds	13,035,000	-	605,000	12,430,000	665,000
2016 Special Assessment Bonds	32,470,000	-	655,000	31,815,000	1,255,000
2017 Sales Tax Revenue Refunding Bonds	21,155,000	-	275,000	20,880,000	620,000
Unamortized Bond Premium	5,489,671	-	300,734	5,188,937	299,908
Total Bonds Payable	85,074,671	-	4,706,734	80,367,937	
Capital Lease	789,712	-	789,712	-	-
Compensated Absences	1,797,198	160,961	46,467	1,911,692	1,311,273
Claims and Judgments	488,123	35,926	294,482	229,567	45,913
Total Governmental Long-Term Obligations	88,149,704	196,887	5,837,395	82,509,196	6,482,094
Business-Type Activities:					
Bonds Payable:					
2007 Water Revenue and Refunding Bonds	14,995,000	-	14,995,000	-	-
2009 Water Revenue Bonds	5,500,000	-	685,000	4,815,000	725,000
2017 Water Revenue and Refunding Bonds	-	12,240,000	-	12,240,000	1,905,000
Unamortized Bond Premium	477,593	1,736,024	612,414	1,601,203	266,867
Total Bonds Payable	20,972,593	13,976,024	16,292,414	18,656,203	
Compensated Absences	131,175	33,716	29,186	135,705	98,192
Total Business-Type Long-Term Obligations	21,103,768	14,009,740	16,321,600	18,791,908	2,995,059
Total Government-Wide Long-Term Obligations	\$ 109,253,472	\$ 14,206,627	\$ 22,158,995	\$ 101,301,104	\$ 9,477,153

NOTE 10 - RETIREMENT PLAN

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

- Public Employees Noncontributory Retirement System (Noncontributory System), Contributory Retirement System (Contributory System) and Firefighters Retirement System (Firefighters System), both of which are multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) and the Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are both multiple employer, cost sharing, public employees, retirement systems.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the Utah State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms. URS issues a publicly available financial report that may be obtained by writing to the below address or by visiting the website www.urs.org:

Utah Retirement Systems
560 E 200 S
Salt Lake City, UT 84102-2021

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

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

Summary of Benefits by System

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent per Year of Service	COLA**
Noncontributory System	Highest 3 Years	30 Years Any Age 25 Years Any Age* 20 Years Age 60* 10 Years Age 62* 4 Years Age 65	2.0% Per Year All Years	Up to 4%
Contributory System	Highest 5 Years	30 Years Any Age 25 Years Any Age* 20 Years Age 60* 10 Years Age 62* 4 Years Age 65	1.25% Per Year to June 1975; 2.0% Per Year July 1975 to Present	Up for 4%
Public Safety System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per year Over 20 Years	Up to 2.5% to 4% Depending on the Employer
Firefighters System	Highest 3 Years	20 Years Any Age 10 Years Age 60 4 Years Age 65	2.5% Per Year Up to 20 Years; 2.0% Per Year Over 20 Years	Up to 4%
Tier 2 Public Employees System	Highest 5 Years	35 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.50% Per Year All Years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 Years Any Age 20 Years Any Age 60* 10 Years Age 62* 4 Years Age 65	1.50% Per Year All Years	Up to 2.5%

* With actuarial reductions

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

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

Contributions. As a condition of participation in the Systems, employers and/or employees are required to contribute a certain percentage of salary and wages as authorized by statute and specified by the URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

	Employee Paid	Paid by Employer for Employee	Employer Contribution Rates	Employer Rate for 401(k) Plan
Contributory System				
11 – Local Government Division Tier 1	1.00%	5.00%	14.46%	N/A
111 – Local Government Division Tier 2	N/A	N/A	15.11%	1.580%
Noncontributory System				
15 – Local Government Division Tier 1	N/A	N/A	18.47%	N/A
Public Safety Retirement System				
43 – Other Division A Noncontributory Tier 1	N/A	N/A	34.04%	N/A
122 – Other Division A Contributory Tier 2	N/A	N/A	22.57%	1.26%
Firefighters System				
31 – Other Division A	N/A	15.05%	3.93%	N/A
132 – Tier 2 DB Hybrid Firefighters Tier 2 DC Only	N/A	N/A	10.82%	1.26%
211 – Local Government	N/A	N/A	6.69%	10.00%
222 – Public Safety	N/A	N/A	11.83%	12.00%
232 – Firefighters	N/A	N/A	0.08%	12.00%

For fiscal year ended June 30, 2018, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions		Employee Contributions
Noncontributory System	\$	1,592,939	N/A
Public Safety System		774,466	-
Firefighters System		98,712	-
Tier 2 Public Employees System		433,170	-
Tier 2 Public Safety and Firefighter		354,986	-
Tier 2 DC Only System		38,183	N/A
Tier 2 DC Public Safety and Firefighter System		43	N/A
Total Contributions	\$	3,292,499	\$ -

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

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2018, the City reported a net pension asset of \$547,883 and a net pension liability of \$6,839,119:

	Net Pension Asset	Net Pension Liability	Proportionate Share December 31, 2017	Proportionate Share December 31, 2016	Change (Decrease)
Noncontributory System	\$ -	\$ 4,347,534	0.9922930%	0.9541323%	0.0381607%
Contributory System	-	3,336	0.0410018%	0.2254320%	-0.1844302%
Public Safety System	-	2,466,611	1.5724336%	1.6078706%	-0.0354370%
Firefighters System	527,780	-	8.4505314%	8.5699580%	-0.1194266%
Tier 2 Public Employees System	-	21,638	0.2454196%	0.2334395%	0.0119801%
Tier 2 Public Safety and Firefighter System	20,103	-	1.7373905%	1.4288409%	0.3085496%
	<u>\$ 547,883</u>	<u>\$ 6,839,119</u>			

The net pension asset and liability were measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2017, and rolled forward using generally accepted actuarial procedures. The proportion of net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2018, the City recognized pension expense of \$4,018,332. At June 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 108,274	\$ 897,315
Changes in Assumptions	3,263,400	309,457
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,741,301	4,574,800
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	2,123,933	45,573
Contributions Subsequent to the Measurement Date	1,607,348	-
Total	<u>\$ 8,844,256</u>	<u>\$ 5,827,145</u>

\$1,607,348 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year-end, but subsequent to the measurement date of December 31, 2016.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31	Deferred Outflows (Inflows) of Resources
2018	\$ 1,367,118
2019	1,325,932
2020	(521,022)
2021	(948,765)
2022	97,609
Thereafter	88,890

Actuarial Assumptions. The total pension liability in the December 31, 2017, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50 percent
- Salary Increases 3.25 – 9.75 percent, average, including inflation
- Investment Rate of Return 6.95 percent, net of pension plan investment expense, Including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2017, valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2016.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class and is applied consistently to each defined benefit pension plan. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	40.00%	6.15%	2.46%
Debt Securities	20.00%	0.40%	0.08%
Real Assets	15.00%	5.75%	0.86%
Private Equity	9.00%	9.95%	0.89%
Absolute Return	16.00%	2.85%	0.46%
Cash and Cash Equivalent	0.00%	0.00%	0.00%
Totals	100.00%		4.75%
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.25%

The 6.95 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.45 percent that is net of investment expense.

Discount Rate. The discount rate used to measure the total pension liability was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was reduced to 6.95 percent from 7.20 percent from the prior measurement period.

Sensitivity of the Proportionate Share of the Net Pension Asset and Liability to Changes in the Discount Rate. The following table presents the proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$11,757,771	\$4,347,533	\$ (1,813,711)
Contributory System	22,622	3,336	(12,840)
Public Safety System	6,214,750	2,466,611	(571,213)
Firefighters System	2,251,883	(527,780)	(2,773,791)
Tier 2 Public Employees System	254,777	21,638	(158,145)
Tier 2 Public Safety and Firefighter	178,024	(20,103)	(171,472)
Total	\$20,679,827	\$6,291,235	(\$5,501,172)

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

NOTE 11 - 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 12 - 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 is a member of the Utah Risk Management Mutual Association (URMMA), a public entity risk pool. The Association is obligated to pay all claims covered by its plan. All claims are subject to a \$10,000 deductible. The deductible is accrued as a current liability when the claim is incurred. URMMA covers claims up to \$6,000,000. The City also purchases commercial insurance for risks or maintains the risk at the City level. Various policies are purchased through an insurance agency to cover liability, theft, damages, and other losses. A deductible applies to these policies that the City pays in the event of any loss. The City also has a workers compensation policy. The City has not incurred a claim in excess of its coverage for any of the past three fiscal years.

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

NOTE 13 - 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, 2018, the following activity occurred in the City's Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$13,285,228
Tax increment distributions	7,674,396
Outstanding loans to finance RDA projects	14,579,000
Amounts expended for installation of capital improvements, other public improvements, and housing donations	106,475
Amounts expended for administrative costs	638,907

NOTE 14 - 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 Interlocal 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, 2018, these percentages are as follows:

<u>Participating Cities</u>	<u>Fees & Charges for Ten Preceding Years</u>	<u>Percent</u>
Draper City	\$ 2,190,731	10.26%
Midvale City	1,108,644	5.19%
Murray City	1,777,401	8.32%
Riverton City	2,355,976	11.03%
Sandy City	6,305,755	29.52%
South Jordan City	3,065,969	14.35%
West Jordan City	4,557,248	21.33%
	<u>\$ 21,361,724</u>	<u>100.00%</u>

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, 2018

C. Financial Summary

	<u>Trans-Jordan Cities</u>	<u>South Jordan City's Share</u>
Total Assets	<u>\$ 28,717,501</u>	<u>\$ 4,121,716</u>
Total Deferred Outflows of Resources	<u>659,012</u>	<u>94,586</u>
Total Liabilities	<u>4,632,998</u>	<u>664,957</u>
Total Deferred Inflows of Resources	<u>508,677</u>	<u>73,009</u>
 Total Net Position	 <u><u>\$ 24,234,838</u></u>	 <u><u>\$ 3,478,336</u></u>
 Total Operating Revenues	 \$ 8,777,051	 \$ 1,259,738
Total Operating Expenses	<u>7,644,402</u>	<u>1,097,173</u>
Net Operating Income	<u>1,132,649</u>	<u>162,565</u>
Total Non-Operating Income (Expense)	<u>734,443</u>	<u>105,412</u>
Change in Net Position	<u><u>\$ 1,867,092</u></u>	<u><u>\$ 267,977</u></u>
	 <u>Total Amount</u>	 <u>South Jordan City's Share</u>
Closure and Post-Closure Liability	<u><u>\$ 3,157,006</u></u>	<u><u>\$ 453,113</u></u>

D. Long-Term Liability

The joint venture has the following long-term liability:

	<u>Total Amount</u>	<u>South Jordan City's Share</u>
Closure and Post-Closure Liability	<u><u>\$ 3,157,006</u></u>	<u><u>\$ 453,113</u></u>

CITY OF SOUTH JORDAN
Notes to the Financial Statements
June 30, 2018

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

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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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes				
Property Tax - Current	\$ 10,517,167	\$ 10,517,167	\$ 9,838,706	\$ (678,461)
Property Tax - Delinquent	133,535	133,535	114,222	(19,313)
Motor Vehicle Tax	727,716	727,716	795,698	67,982
Sales and Use Tax	15,576,742	15,576,742	15,467,338	(109,404)
Penalties and Interest	8,200	8,200	16,241	8,041
Telecommunications Tax	785,038	785,038	689,443	(95,595)
Energy Sales and Use Tax	3,641,462	3,641,462	3,759,171	117,709
Cable TV Franchise Tax	415,099	415,099	438,056	22,957
Transient Room Tax	67,901	67,901	125,488	57,587
Total Taxes	<u>31,872,860</u>	<u>31,872,860</u>	<u>31,244,363</u>	<u>(628,497)</u>
Licenses and Permits				
Building Permits	3,347,579	3,347,579	3,084,190	(263,389)
Business Licenses	262,626	262,626	149,846	(112,780)
Solid Waste License Fee	99,544	99,544	94,865	(4,679)
Miscellaneous	889,664	889,664	250,809	(638,855)
Total Licenses and Permits	<u>4,599,413</u>	<u>4,599,413</u>	<u>3,579,710</u>	<u>(1,019,703)</u>
Intergovernmental Revenues				
Federal Grants	66,500	66,500	85,416	18,916
State Grants	-	10,000	67,640	57,640
County Grants	-	-	27,000	27,000
Class "C" Road Allotment	2,477,603	2,477,603	2,483,083	5,480
Liquor Fund Allotment	50,000	50,000	55,921	5,921
Total Intergovernmental Revenues	<u>2,594,103</u>	<u>2,604,103</u>	<u>2,719,060</u>	<u>114,957</u>
Charges for Services				
Ambulance Fees	1,575,941	1,575,941	1,832,305	256,364
Engineering Fees	438,052	450,052	38,881	(411,171)
Plan Check Fees	669,049	669,049	2,709	(666,340)
Zoning and Subdivision Fees	192,119	312,119	745,479	433,360
Cemetery Fees	161,000	161,000	211,323	50,323
Other Services	2,815,111	2,827,817	2,702,004	(125,813)
Total Charges for Services	<u>5,851,272</u>	<u>5,995,978</u>	<u>5,532,701</u>	<u>(463,277)</u>
Fines and Forfeitures	<u>786,773</u>	<u>786,773</u>	<u>601,668</u>	<u>(185,105)</u>
Miscellaneous Revenue				
Investment Earnings	325,000	325,000	623,011	298,011
Sundry Revenue	393,800	745,738	763,023	17,285
Total Miscellaneous Revenue	<u>718,800</u>	<u>1,070,738</u>	<u>1,386,034</u>	<u>315,296</u>
Total Revenue	<u>46,423,221</u>	<u>46,929,865</u>	<u>45,063,536</u>	<u>(1,866,329)</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
EXPENDITURES				
Current:				
General Government				
General Administration	\$ 1,923,930	\$ 1,827,491	\$ 1,671,273	\$ 156,218
Finance	2,406,798	2,506,281	2,121,236	385,045
Information Services	1,461,287	1,461,287	1,461,127	160
Facilities	1,212,097	1,274,374	1,253,234	21,140
Office of the City Attorney	793,276	947,701	924,725	22,976
Human Resources	608,964	565,964	550,014	15,950
Administrative Services & Information Center	1,282,053	1,224,853	1,222,010	2,843
Risk Management	644,729	733,039	727,679	5,360
City Commerce & City Recorder	684,843	695,843	575,003	120,840
Justice Court	419,582	386,207	310,023	76,184
Total General Government	<u>11,437,559</u>	<u>11,623,040</u>	<u>10,816,324</u>	<u>806,716</u>
Community Services	<u>1,390,429</u>	<u>1,338,787</u>	<u>1,112,654</u>	<u>226,133</u>
Development Services				
Engineering	1,922,369	1,980,675	1,971,017	9,658
Building	1,398,216	1,518,216	1,517,830	386
Planning	697,161	725,661	699,019	26,642
Total Development Services	<u>4,017,746</u>	<u>4,224,552</u>	<u>4,187,866</u>	<u>36,686</u>
Public Works				
Streets	3,829,630	4,396,984	4,278,490	118,494
Parks & Cemetery	2,318,123	2,500,509	2,472,539	27,970
Fleet	1,207,728	1,224,228	1,247,386	(23,158)
Administration	647,623	721,623	713,481	8,142
Street Lighting	259,130	269,070	256,336	12,734
Total Public Works	<u>8,262,234</u>	<u>9,112,414</u>	<u>8,968,232</u>	<u>144,182</u>
Public Safety				
Police & Animal Control	7,467,053	7,576,525	7,076,555	499,970
Fire	6,491,577	6,522,076	6,379,226	142,850
Total Public Safety	<u>13,958,630</u>	<u>14,098,601</u>	<u>13,455,781</u>	<u>642,820</u>
Debt Service				
Principal	789,713	789,713	789,712	1
Interest and Fees	694,977	9,977	9,964	13
Total Debt Service	<u>1,484,690</u>	<u>799,690</u>	<u>799,676</u>	<u>14</u>
Capital Outlay	<u>918,493</u>	<u>2,029,374</u>	<u>988,743</u>	<u>1,040,631</u>
Total Expenditures	<u>41,469,781</u>	<u>43,226,458</u>	<u>40,329,276</u>	<u>2,897,182</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>4,953,440</u>	<u>3,703,407</u>	<u>4,734,260</u>	<u>1,030,853</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	8,818	1,460,045	1,460,045	-
Transfers Out	(4,212,258)	(4,679,258)	(6,302,000)	(1,622,742)
Capital Lease	-	-	-	-
Sale of Capital Assets	-	-	90,791	90,791
Total Other Financing Sources (Uses)	<u>(4,203,440)</u>	<u>(3,219,213)</u>	<u>(4,751,164)</u>	<u>(1,531,951)</u>
Net Change in Fund Balance	750,000	484,194	(16,904)	(501,098)
Fund Balance - July 1	10,308,471	10,308,471	10,308,471	-
Fund Balance - June 30	<u>\$ 11,058,471</u>	<u>\$ 10,792,665</u>	<u>\$ 10,291,567</u>	<u>\$ (501,098)</u>

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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Taxes	\$ 10,140,000	\$ 10,140,000	\$ 13,285,228	\$ 3,145,228
Interest	-	-	297,310	297,310
Miscellaneous	-	-	1,463,322	1,463,322
Total Revenues	<u>10,140,000</u>	<u>10,140,000</u>	<u>15,045,860</u>	<u>4,905,860</u>
EXPENDITURES				
General Government	1,389,344	1,389,344	638,907	750,437
Capital Outlay and Projects	1,030,000	1,030,000	106,475	923,525
Tax Increment Distributions	7,672,370	7,672,370	7,674,396	(2,026)
Debt Service				
Principal Retirement	1,054,000	1,054,000	1,054,000	-
Interest and Fees	142,772	142,772	142,772	-
Total Expenditures	<u>11,288,486</u>	<u>11,288,486</u>	<u>9,616,550</u>	<u>1,671,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,148,486)</u>	<u>(1,148,486)</u>	<u>5,429,310</u>	<u>6,577,796</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,490,676)</u>	<u>(1,490,676)</u>	<u>(1,490,676)</u>	-
Total Other Financing Sources (Uses)	<u>(1,490,676)</u>	<u>(1,490,676)</u>	<u>(1,490,676)</u>	-
Net Change in Fund Balance	(2,639,162)	(2,639,162)	3,938,634	6,577,796
Fund Balance - July 1	14,447,671	14,447,671	14,447,671	-
Fund Balance - June 30	<u>\$ 11,808,509</u>	<u>\$ 11,808,509</u>	<u>\$ 18,386,305</u>	<u>\$ 6,577,796</u>

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

CITY OF SOUTH JORDAN

Required Supplementary Information

Schedule of the Proportionate Share of the Net Pension Liability

June 30, 2018

Last 10 Fiscal Years*

Year Ended 12/31	Noncontributory Retirement System		Contributory Retirement System		Public Safety System		Firefighters System		Tier 2 Public Employees System		Tier 2 Public Safety and Firefighters System	
	Retirement System	System	Retirement System	System	Public Safety System	System	Firefighters System	System	Tier 2 Public Employees System	System	Tier 2 Public Safety and Firefighters System	System
Proportion of the net pension liability (asset)												
2014	N/A	15.9106976%	4,589,338	\$	1,924,254	\$	9,058,480	5%	0.2047770%	1.0058044%		
2015	0.4305872%	11.1214144%	7,816,735		2,834,977		8,752,149	8%	0.2390321%	1.0052886%		
2016	0.9541323%	0.2254320%	73,967		3,262,813		8,569,958	8%	0.2334395%	1.4288409%		
2017	0.9922930%	0.0410220%	4,347,533		2,466,611		8,450,531	8%	0.2454196%	1.7373905%		
2014	N/A		4,589,338	\$	1,924,254	\$	(516,912)	\$	(6,206)	\$	(14,879)	
2015	2,436,472	7,816,735			2,834,977		(158,519)		(522)		(14,688)	
2016	6,126,697	73,967			3,262,813		(67,561)		26,040		(12,403)	
2017	4,347,533	3,336			2,466,611		(527,780)		21,638		(20,103)	
Covered payroll												
2014	N/A	8,124,954	\$	2,366,985	\$	2,527,510	\$	1,005,005	\$	415,986		
2015	350,573	4,495,013		2,403,017		2,509,070		1,544,324		598,369		
2016	7,964,173	346,156		2,369,160		2,524,144		1,914,382		1,180,548		
2017	8,158,392	193,363		2,244,157		2,537,667		2,399,675		1,833,435		
2014	N/A	56.50%	173.90%	81.30%	117.98%	-20.50%	-0.60%	-3.60%				
2015	69.58%	173.90%	21.37%	117.98%	137.72%	-6.32%	-0.03%	-2.45%				
2016	76.93%	21.37%	1.73%	137.72%	109.91%	-2.68%	1.36%	-1.05%				
2017	53.29%	1.73%		109.91%		-20.80%	0.90%	-1.10%				
Plan fiduciary net position as a percentage of the total pension liability (asset)												
2014	N/A	94.00%	87.10%	90.50%	103.50%	103.50%	103.50%	120.50%				
2015	87.80%	85.70%	92.90%	87.10%	86.50%	101.00%	100.20%	110.70%				
2016	87.30%	92.90%	98.20%	86.50%	90.20%	100.40%	95.10%	103.60%				
2017	91.90%	98.20%		90.20%		103.00%	97.40%	103.00%				

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years which information is available.

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

CITY OF SOUTH JORDAN
Required Supplementary Information
Schedule of Contributions - Utah Retirement Systems
June 30, 2018
Last 10 Fiscal Years*

	As of Fiscal Year Ended June 30	Actuarial Determined Contributions	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	Covered Payroll	Contributions as a Percentage of Covered Employee Payroll
Noncontributory System	2014	\$ -	\$ -	\$ -	\$ -	0.00%
	2015	-	-	-	-	0.00%
	2016	1,349,864	1,349,864	-	7,322,154	18.44%
	2017	1,447,911	1,447,911	-	7,842,666	18.46%
	2018	1,592,939	1,592,939	-	8,631,746	18.45%
Contributory System	2014	1,039,484	1,039,484	-	8,174,931	12.72%
	2015	1,124,360	1,124,360	-	8,057,798	13.95%
	2016	60,041	60,041	-	694,295	8.65%
	2017	3,559	3,559	-	233,903	1.52%
	2018	-	-	-	-	0.00%
Public Safety System	2014	720,334	720,334	-	2,420,046	29.77%
	2015	749,038	749,038	-	2,366,556	31.65%
	2016	768,271	768,271	-	2,382,640	32.24%
	2017	718,108	718,108	-	2,209,839	32.50%
	2018	774,466	774,466	-	2,364,026	32.76%
Firefighters System	2014	70,186	70,186	-	2,518,678	2.79%
	2015	91,460	91,460	-	2,546,689	3.59%
	2016	92,188	92,188	-	2,465,534	3.74%
	2017	93,514	93,514	-	2,473,256	3.78%
	2018	98,712	98,712	-	2,581,017	3.82%
Tier 2 Public Employees System**	2014	133,005	133,005	-	844,478	15.75%
	2015	212,074	212,074	-	1,269,900	16.70%
	2016	260,805	260,805	-	1,742,556	14.97%
	2017	304,698	304,698	-	2,043,586	14.91%
	2018	433,170	433,170	-	2,866,749	15.11%
Tier 2 Public Safety and Firefighter System**	2014	52,909	52,909	-	316,714	16.71%
	2015	86,204	86,204	-	476,510	18.09%
	2016	141,816	141,816	-	799,358	17.70%
	2017	248,753	248,753	-	1,524,448	16.32%
	2018	354,986	354,986	-	2,147,268	16.53%
Tier 2 Public Employees DC Only System**	2014	13,472	13,472	-	183,545	7.34%
	2015	20,519	20,519	-	242,289	8.47%
	2016	25,377	25,377	-	376,462	6.74%
	2017	33,841	33,841	-	505,851	6.69%
	2018	38,183	38,183	-	571,342	6.68%
Tier 2 Public Safety and Firefighter DC Only System**	2014	2,736	2,736	-	27,520	9.94%
	2015	17	17	-	147	11.83%
	2016	-	-	-	-	0.00%
	2017	-	-	-	-	0.00%
	2018	43	43	-	53,488	0.08%

* The amounts presented for each fiscal year were determined as of December 31. In accordance with GASB 68, until a full 10-year trend is compiled, information is presented for those years for which information is available. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative issues.

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

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, 2018

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 (GAAP).

2. **DEFINED CONTRIBUTION SYSTEM**

The City participates in a defined contribution plan with Utah Retirement Systems. A summary of the contributions made for fiscal year ended June 30, 2018, are as follows:

	2018		2017		2016
401(k) Plan					
Employer Contributions	\$	504,755	\$	289,159	\$ 278,698
Employee Contributions	\$	629,588	\$	511,281	\$ 492,973
457 Plan					
Employer Contributions	\$	143,444	\$	47,888	\$ 41,631
Employee Contributions	\$	355,168	\$	320,377	\$ 280,711
Roth IRA Plan					
Employer Contributions		N/A		N/A	N/A
Employee Contributions	\$	64,834	\$	41,577	\$ 25,259
Traditional IRA					
Employer Contributions		N/A		N/A	N/A
Employee Contributions	\$	3,260	\$	1,905	\$ 390

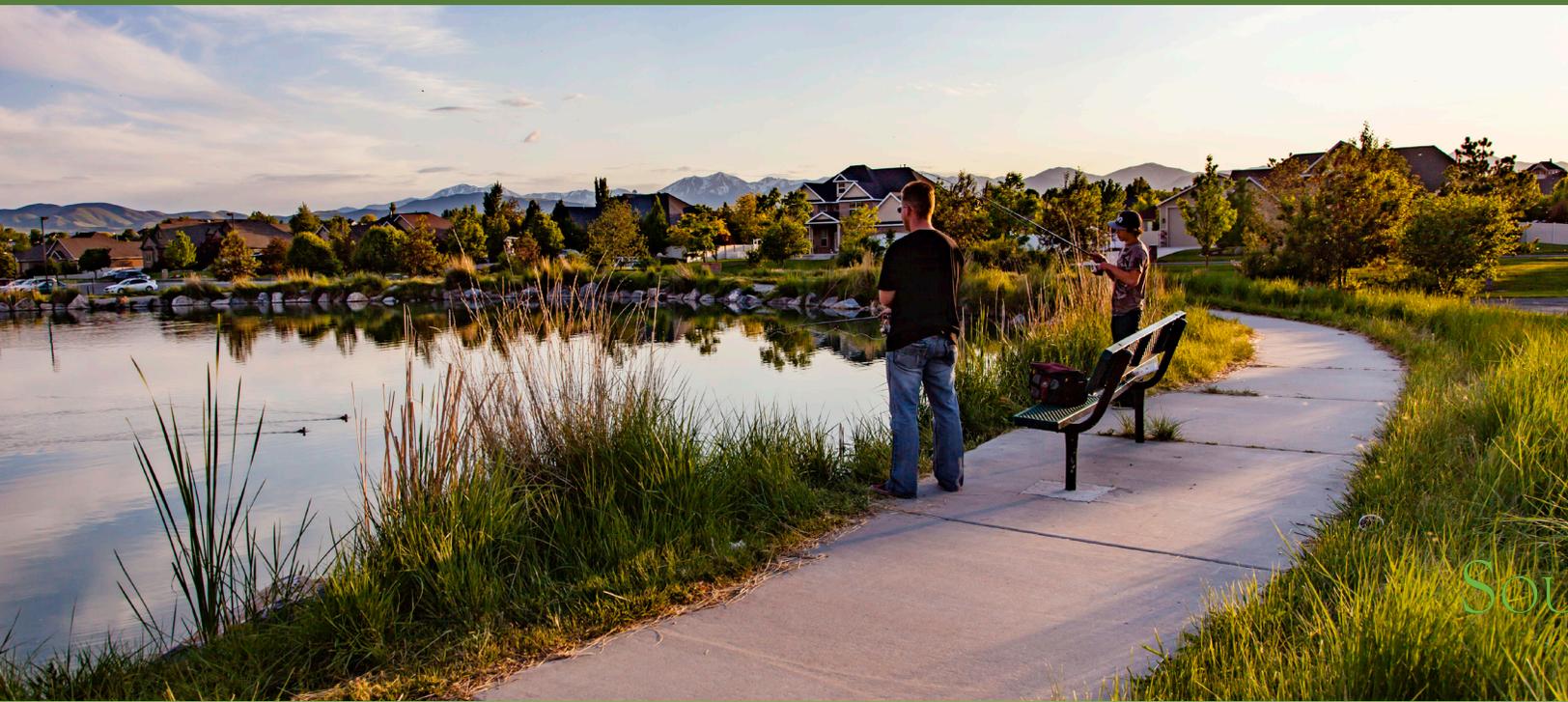
* The employer paid 401(k) contributions include the totals paid for employees enrolled in the Tier 2 Defined Contribution 401(k) plan.

3. **Change in Assumptions:**

As a result of an experience study conducted as of December 31, 2016, the Utah Retirement Systems (URS) Board adopted recommended changes to several economic and demographic assumptions that are used in the actuarial valuation. The assumption changes that had the largest impact on the Total Pension Liability (and actuarial accrued liability) include a decrease in the investment return assumption from 7.20% to 6.95%, a reduction in the price inflation assumption from 2.60% to 2.50% (which also resulted in a corresponding decrease in the cost-of-living-adjustment assumption for the funds with a 4.00% COLA max), and the adoption of an updated retiree mortality table that is developed using URS's actual retiree mortality experience. There were changes to several other demographic assumptions, but those changes had a minimal impact on the Total Pension Liability (and actuarial accrued liability).

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SUPPLEMENTARY INFORMATION




SOUTH JORDAN
UTAH

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 Fund** – 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 from the U.S. Department of Housing and Urban Development (HUD) as a grantee in the Community Development Block Grant (CDBG) program.
- 3) **Fitness Center Fund** – This fund is used to account for fees charged to users and expenditures dealing with operation and maintenance of the City’s fitness center.

DEBT SERVICE FUND

Debt service funds are used to account for the accumulation of resources and payment of bond principal and interest. The Municipal Building Authority (MBA) fund is presented as a debt service fund.

- 1) **Municipal Building Authority (MBA) Fund** – This fund is used to account for the construction of the City’s capital facilities and related debt service expenditures.



CITY OF SOUTH JORDAN
Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2018

	Special Revenue			Municipal Building Authority	Total
	Storm Drain	Community Development Building Grant	Fitness Center		
ASSETS					
Cash and Cash Equivalents	\$ 3,273,092	\$ 12,480	\$ 1,837,948	\$ 339,229	\$ 5,462,749
Restricted Cash	-	-	-	73	73
Receivables					
Accounts	276,320	35,887	5,559	-	317,766
Inventories	-	-	2,526	-	2,526
Total Assets	<u>\$ 3,549,412</u>	<u>\$ 48,367</u>	<u>\$ 1,846,033</u>	<u>\$ 339,302</u>	<u>\$ 5,783,114</u>
LIABILITIES					
Accounts Payable and Accrued Liabilities	364,662	48,367	88,705	-	501,734
Due to Other Funds	-	-	-	-	-
Total Liabilities	<u>364,662</u>	<u>48,367</u>	<u>88,705</u>	<u>-</u>	<u>501,734</u>
FUND BALANCES					
Nonspendable	-	-	2,526	-	2,526
Restricted	-	-	-	73	73
Committed	-	-	-	-	-
Assigned	3,184,750	-	1,754,802	339,229	5,278,781
Total Fund Balances	<u>3,184,750</u>	<u>-</u>	<u>1,757,328</u>	<u>339,302</u>	<u>5,281,380</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 3,549,412</u>	<u>\$ 48,367</u>	<u>\$ 1,846,033</u>	<u>\$ 339,302</u>	<u>\$ 5,783,114</u>

CITY OF SOUTH JORDAN

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue			Municipal Building Authority	Total
	Storm Drain	Community Development Building Grant	Fitness Center		
REVENUES					
Intergovernmental	\$ -	\$ 236,743	\$ -	\$ -	\$ 236,743
Charges for Services	2,192,374	-	1,636,357	-	3,828,731
Interest	57,173	-	-	-	57,173
Miscellaneous	41,312	-	-	-	41,312
Total Revenues	<u>2,290,859</u>	<u>236,743</u>	<u>1,636,357</u>	<u>-</u>	<u>4,163,959</u>
EXPENDITURES					
Current					
Development Services	-	33,032	-	-	33,032
Public Works	1,179,420	-	-	-	1,179,420
Recreation	-	-	1,682,459	-	1,682,459
Debt Service					
Principal	-	-	-	590,000	590,000
Interest and Fees	-	-	-	135,319	135,319
Capital Outlay and Projects	-	203,711	-	-	203,711
Total Expenditures	<u>1,179,420</u>	<u>236,743</u>	<u>1,682,459</u>	<u>725,319</u>	<u>3,823,941</u>
Excess (Deficiency) of					
Revenues over Expenditures	<u>1,111,439</u>	<u>-</u>	<u>(46,102)</u>	<u>(725,319)</u>	<u>340,018</u>
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	-	-	52	-	52
Transfers In	-	-	5,000	723,819	728,819
Transfers Out	(2,446,066)	-	(949)	-	(2,447,015)
Total Other Financing Sources (Uses)	<u>(2,446,066)</u>	<u>-</u>	<u>4,103</u>	<u>723,819</u>	<u>(1,718,144)</u>
Net Change in Fund Balances	(1,334,627)	-	(41,999)	(1,500)	(1,378,126)
Fund Balances - Beginning	4,519,377	-	1,799,327	340,802	6,659,506
Fund Balances - Ending	<u>\$ 3,184,750</u>	<u>\$ -</u>	<u>\$ 1,757,328</u>	<u>\$ 339,302</u>	<u>\$ 5,281,380</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest	\$ -	\$ -	\$ 667,830	\$ 667,830
Impact Fees	-	-	2,624,781	2,624,781
Miscellaneous	-	628,131	1,068,850	440,719
Total Revenues	<u>-</u>	<u>628,131</u>	<u>4,361,461</u>	<u>3,733,330</u>
EXPENDITURES				
Capital Outlay				
Road and Bridge	2,362,000	4,870,651	1,661,776	3,208,875
Parks	3,373,000	9,875,661	1,959,328	7,916,333
Storm Drain	2,402,600	3,406,812	1,084,190	2,322,622
Facilities	205,000	16,170,886	8,645,860	7,525,026
Other Projects	1,907,315	3,622,205	819,662	2,802,543
Developer Reimbursement	-	20,375,890	5,412,565	14,963,325
Total Expenditures	<u>10,249,915</u>	<u>58,322,105</u>	<u>19,583,381</u>	<u>38,738,724</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(10,249,915)</u>	<u>(57,693,974)</u>	<u>(15,221,920)</u>	<u>42,472,054</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	-	-	676,505	676,505
Transfers In	5,829,915	7,745,183	7,200,657	1,622,742
Transfers Out	<u>(1,136,651)</u>	<u>(4,112,621)</u>	<u>(1,945,353)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>3,632,562</u>	<u>5,931,809</u>	<u>2,299,247</u>
Net Change in Fund Balance	(10,249,915)	(54,061,412)	(9,290,111)	44,771,301
Fund Balance - July 1	70,574,785	70,574,785	70,574,785	-
Fund Balance - June 30	<u>\$ 60,324,870</u>	<u>\$ 16,513,373</u>	<u>\$ 61,284,674</u>	<u>\$ 44,771,301</u>

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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Special Assessments	\$ 724,408	\$ 1,380,935	\$ 3,093,546	\$ 1,712,611
Interest	7,750	7,750	1,030,214	1,022,464
Miscellaneous	147,381	147,381	147,569	188
Total Revenues	<u>879,539</u>	<u>1,536,066</u>	<u>4,271,329</u>	<u>2,735,263</u>
EXPENDITURES				
General Government	21,350	21,350	21,350	-
Debt Service				
Principal	1,502,000	2,157,000	2,762,000	(605,000)
Interest and Fees	1,137,161	1,137,161	2,745,888	(1,608,727)
Total Expenditures	<u>2,660,511</u>	<u>3,315,511</u>	<u>5,529,238</u>	<u>(2,213,727)</u>
Deficiency of Revenues Over Expenditures	<u>(1,780,972)</u>	<u>(1,779,445)</u>	<u>(1,257,909)</u>	<u>521,536</u>
OTHER FINANCING SOURCES				
Transfers In	2,688,432	2,688,432	2,688,432	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>2,688,432</u>	<u>2,688,432</u>	<u>2,688,432</u>	<u>-</u>
Net Change in Fund Balance	907,460	908,987	1,430,523	521,536
Fund Balance - July 1	1,922,376	1,922,376	1,922,376	-
Fund Balance - June 30	<u>\$ 2,829,836</u>	<u>\$ 2,831,363</u>	<u>\$ 3,352,899</u>	<u>\$ 521,536</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 2,119,500	\$ 2,119,500	\$ 2,192,374	\$ 72,874
Interest	36,000	36,000	57,173	21,173
Miscellaneous	750	750	41,312	40,562
Total Revenues	<u>2,156,250</u>	<u>2,156,250</u>	<u>2,290,859</u>	<u>134,609</u>
EXPENDITURES				
Public Works	1,293,247	1,252,722	1,179,420	73,302
Capital Outlay	110,000	186,102	-	186,102
Total Expenditures	<u>1,403,247</u>	<u>1,438,824</u>	<u>1,179,420</u>	<u>259,404</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>753,003</u>	<u>717,426</u>	<u>1,111,439</u>	<u>394,013</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(2,405,541)	(2,446,066)	(2,446,066)	-
Total Other Financing Sources (Uses)	<u>(2,405,541)</u>	<u>(2,446,066)</u>	<u>(2,446,066)</u>	<u>-</u>
Net Change in Fund Balance	(1,652,538)	(1,728,640)	(1,334,627)	394,013
Fund Balance - July 1	4,519,377	4,519,377	4,519,377	-
Fund Balance - June 30	<u>\$ 2,866,839</u>	<u>\$ 2,790,737</u>	<u>\$ 3,184,750</u>	<u>\$ 394,013</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Intergovernmental	\$ 214,252	\$ 308,854	\$ 236,743	\$ (72,111)
Total Revenues	<u>214,252</u>	<u>308,854</u>	<u>236,743</u>	<u>(72,111)</u>
EXPENDITURES				
Development Services	62,637	73,143	33,032	40,111
Capital Outlay	151,615	235,711	203,711	32,000
Total Expenditures	<u>214,252</u>	<u>308,854</u>	<u>236,743</u>	<u>72,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	-	-	-	-
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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Charges for Services	\$ 1,778,089	\$ 1,675,039	\$ 1,636,357	\$ (38,682)
Total Revenues	<u>1,778,089</u>	<u>1,675,039</u>	<u>1,636,357</u>	<u>(38,682)</u>
EXPENDITURES				
Recreation	1,678,990	1,684,090	1,682,459	1,631
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,678,990</u>	<u>1,684,090</u>	<u>1,682,459</u>	<u>1,631</u>
Excess of Revenues Over Expenditures	<u>99,099</u>	<u>(9,051)</u>	<u>(46,102)</u>	<u>(37,051)</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	5,000	5,000	52	(4,948)
Transfers In	-	5,000	5,000	-
Transfers Out	(949)	(949)	(949)	-
Total Other Financing Sources (Uses)	<u>4,051</u>	<u>9,051</u>	<u>4,103</u>	<u>(4,948)</u>
Net Change in Fund Balance	103,150	-	(41,999)	(41,999)
Fund Balance - July 1	<u>1,799,327</u>	<u>1,799,327</u>	<u>1,799,327</u>	-
Fund Balance - June 30	<u>\$ 1,902,477</u>	<u>\$ 1,799,327</u>	<u>\$ 1,757,328</u>	<u>\$ (41,999)</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, 2018

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
REVENUES				
Interest	\$ 1,750	\$ 1,750	\$ -	\$ (1,750)
Total Revenues	<u>1,750</u>	<u>1,750</u>	<u>-</u>	<u>(1,750)</u>
EXPENDITURES				
Debt Service				
Principal	590,000	590,000	590,000	-
Interest and Fees	135,569	135,569	135,319	250
Total Expenditures	<u>725,569</u>	<u>725,569</u>	<u>725,319</u>	<u>250</u>
Excess of Revenues Over Expenditures	<u>(723,819)</u>	<u>(723,819)</u>	<u>(725,319)</u>	<u>(1,500)</u>
OTHER FINANCING SOURCES				
Transfers In	723,819	723,819	723,819	-
Total Other Financing Sources	<u>723,819</u>	<u>723,819</u>	<u>723,819</u>	<u>-</u>
Net Change in Fund Balance	-	-	(1,500)	(1,500)
Fund Balance - July 1	340,802	340,802	340,802	-
Fund Balance - June 30	<u>\$ 340,802</u>	<u>\$ 340,802</u>	<u>\$ 339,302</u>	<u>\$ (1,500)</u>

NONMAJOR PROPRIETARY FUNDS

Mulligans Fund

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

Sanitation Fund

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



CITY OF SOUTH JORDAN
Combining Statement of Net Position
Nonmajor Proprietary Funds
June 30, 2018

	Mulligans Fund	Sanitation Fund	Total
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 1,183,316	\$ 3,949,651	\$ 5,132,967
Accounts Receivable Net of Allowance	-	414,356	414,356
Inventories	29,545	-	29,545
Total Current Assets	<u>1,212,861</u>	<u>4,364,007</u>	<u>5,576,868</u>
Noncurrent Assets			
Net Pension Asset	109	15	124
Investment in Landfill	-	3,477,699	3,477,699
Capital Assets			
Land	9,956,618	-	9,956,618
Buildings and Structures	699,799	-	699,799
Improvements - Other than Buildings	357,798	-	357,798
Machinery and Equipment	355,819	1,217,948	1,573,767
Less Accumulated Depreciation	<u>(1,038,772)</u>	<u>(920,063)</u>	<u>(1,958,835)</u>
Capital Assets (Net of Accum Depreciation)	<u>10,331,262</u>	<u>297,885</u>	<u>10,629,147</u>
Total Noncurrent Assets	<u>10,331,371</u>	<u>3,775,599</u>	<u>14,106,970</u>
Total Assets	<u>11,544,232</u>	<u>8,139,606</u>	<u>19,683,838</u>
DEFERRED OUTFLOWS OF RESOURCES			
Resources Related to Pensions	<u>12,388</u>	<u>8,692</u>	<u>21,080</u>
LIABILITIES			
Current Liabilities			
Accounts Payable	69,207	177,775	246,982
Accrued Liabilities	96,258	6,303	102,561
Compensated Absences	13,447	8,875	22,322
Interfund Payable	-	-	-
Total Current Liabilities	<u>178,912</u>	<u>192,953</u>	<u>371,865</u>
Noncurrent Liabilities			
Compensated Absences	3,116	2,605	5,721
Net Pension Liability	<u>50,566</u>	<u>32,653</u>	<u>83,219</u>
Total Noncurrent Liabilities	<u>53,682</u>	<u>35,258</u>	<u>88,940</u>
Total Liabilities	<u>232,594</u>	<u>228,211</u>	<u>460,805</u>
DEFERRED INFLOWS OF RESOURCES			
Resources Related to Pensions	<u>48,354</u>	<u>23,229</u>	<u>71,583</u>
NET POSITION			
Net Investment in Capital Assets	10,331,262	297,885	10,629,147
Unrestricted	944,410	7,598,973	8,543,383
Total Net Position	<u>\$ 11,275,672</u>	<u>\$ 7,896,858</u>	<u>\$ 19,172,530</u>

CITY OF SOUTH JORDAN

Combining Statement of Revenues, Expenses, and Changes in Net Position

Nonmajor Proprietary Funds

For the Year Ended June 30, 2018

	Mulligans Fund	Sanitation Fund	Total
OPERATING REVENUES			
Charges for Services			
Operations	\$ 1,130,686	\$ 3,486,296	\$ 4,616,982
Miscellaneous	13	466	479
Total Operating Revenues	<u>1,130,699</u>	<u>3,486,762</u>	<u>4,617,461</u>
OPERATING EXPENSES			
Costs of Services	1,067,062	2,404,339	3,471,401
General and Administrative	10,831	363,509	374,340
Depreciation	47,763	88,830	136,593
Total Operating Expenses	<u>1,125,656</u>	<u>2,856,678</u>	<u>3,982,334</u>
Operating Income	<u>5,043</u>	<u>630,084</u>	<u>635,127</u>
NON-OPERATING REVENUES (EXPENSES)			
Increase in Joint Venture	-	276,875	276,875
Interest	12,511	59,792	72,303
Total Non-Operating Revenue (Expenses)	<u>12,511</u>	<u>336,667</u>	<u>349,178</u>
Income Before Contributions and Transfers	<u>17,554</u>	<u>966,751</u>	<u>984,305</u>
CONTRIBUTIONS AND TRANSFERS			
Transfers In	-	-	-
Transfers Out	(469)	(272)	(741)
Total Contributions and Transfers	<u>(469)</u>	<u>(272)</u>	<u>(741)</u>
Change in Net Position	<u>17,085</u>	<u>966,479</u>	<u>983,564</u>
Net Position - Beginning	<u>11,258,587</u>	<u>6,930,379</u>	<u>18,188,966</u>
Net Position - Ending	<u>\$ 11,275,672</u>	<u>\$ 7,896,858</u>	<u>\$ 19,172,530</u>

CITY OF SOUTH JORDAN

Combining Statement of Cash Flows

Nonmajor Proprietary Funds

For The Year Ended June 30, 2018

	Mulligans	Sanitation Fund	Totals
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers and Users	\$ 1,197,492	\$ 3,483,651	\$ 4,681,143
Payments to Suppliers	(520,410)	(2,212,303)	(2,732,713)
Interfund Services	(18,488)	(363,509)	(381,997)
Payments to Employees	(480,879)	(210,862)	(691,741)
Net Cash Provided by Operating Activities	<u>177,715</u>	<u>696,977</u>	<u>874,692</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In	-	-	-
Transfers Out	(469)	(272)	(741)
Net Cash Used by Noncapital Financing Activities	<u>(469)</u>	<u>(272)</u>	<u>(741)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Capital Assets	(47,725)	-	(47,725)
Principal Paid on Capital Debt	(10,151)	-	(10,151)
Interest Paid on Capital Debt	-	-	-
Proceeds From Sale of Capital Assets	-	-	-
Net Cash Used by Capital and Related Financing Activities	<u>(57,876)</u>	<u>-</u>	<u>(57,876)</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Interest Income	12,511	59,792	72,303
Net Increase (Decrease) in Cash and Cash Equivalents	131,881	756,497	888,378
Cash and Cash Equivalents - Beginning of Year	1,051,435	3,193,154	4,244,589
Cash and Cash Equivalents - End of Year	<u>\$ 1,183,316</u>	<u>\$ 3,949,651</u>	<u>\$ 5,132,967</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:			
Operating Income	\$ 5,043	\$ 630,084	\$ 635,127
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation Expense	47,763	88,830	136,593
(Increase) Decrease in Receivables	-	(2,195)	(2,195)
(Increase) Decrease in Inventory	3,003	-	3,003
(Increase) Decrease in Deferred Outflows Related to Pensions	35,144	15,877	51,021
Increase (Decrease) in Accounts Payable	15,204	(36,878)	(21,674)
Increase (Decrease) in Accrued Liabilities	67,274	295	67,569
Increase (Decrease) in Accrued Vacation and Sick Leave	(616)	(1,436)	(2,052)
Increase (Decrease) in Net Pension Liability	(21,241)	(10,401)	(31,642)
Increase (Decrease) in Deferred Inflows Related to Pensions	26,141	12,800	38,941
Total Adjustments	<u>172,672</u>	<u>66,893</u>	<u>239,565</u>
	<u>\$ 177,715</u>	<u>\$ 696,977</u>	<u>\$ 874,692</u>
Noncash Investing, Capital, and Financing Activities:			
Increase in Equity Investment in Trans-Jordan Landfill	\$ -	\$ 276,875	\$ 276,875

FIDUCIARY FUNDS

MFTC Fund

This fund is used to account for the activities of the Metro Fire Testing Consortium (MFTC), which was created to enhance efficiencies between member agencies and applicants for the positions of entry-level firefighter EMT, AEMT, firefighter paramedic, and paramedic.



CITY OF SOUTH JORDAN
Statement of Changes in Assets and Liabilities
Metro Fire Testing Consortium (MFTC) Fund
For the Year Ended June 30, 2018

	Balance July 1, 2017	Additions	Deductions	Balance June 30, 2018
ASSETS				
Cash and Cash Equivalents	\$ 9,613	\$ 19,436	\$ 14,036	\$ 15,013
Total Assets	<u>\$ 9,613</u>	<u>\$ 19,436</u>	<u>\$ 14,036</u>	<u>\$ 15,013</u>
LIABILITIES				
Accounts Payable and Accrued Liabilities	-	6,112	6,112	-
Due to Other Governments	3,850	25,198	14,035	15,013
Total Liabilities	<u>\$ 3,850</u>	<u>\$ 31,310</u>	<u>\$ 20,147</u>	<u>\$ 15,013</u>

STATISTICAL INFORMATION



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.

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Governmental Funds – Fund Balances.....	122
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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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Principal Sales Tax Payers	129
Direct and Overlapping Sales Tax Rates.....	130
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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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Principal Employers.....	138
Full-time Equivalent City Government Employees by Function/Program	139

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.

Capital Asset Statistics by Function/Program	140
Operating Indicators by Function/Program	141

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									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	\$ 173,288,801	\$ 182,191,448	\$ 184,938,098	\$ 190,401,077	\$ 190,745,605	\$ 199,575,459	\$ 213,258,424	\$ 219,697,662	\$ 167,503,336	\$ 206,655,775
Restricted	5,287,778	5,750,547	5,778,082	6,487,565	9,320,159	10,501,361	11,103,967	59,790,195	14,205,726	38,025,721
Unrestricted	15,981,298	19,648,675	23,561,253	28,107,792	36,671,797	42,742,779	42,934,056	32,408,953	117,927,102	62,397,209
Total Governmental Activities Net Position	194,557,877	207,590,670	214,267,433	224,996,434	236,737,561	252,819,599	267,296,447	311,895,810	299,636,164	307,078,705
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	65,826,404	80,535,829	81,720,057	82,158,412	83,077,861	87,328,878	94,420,764	97,282,722	102,908,992	107,291,106
Restricted	5,357,126	5,357,073	5,357,073	4,686,192	7,805,966	9,167,118	8,424,148	8,688,869	8,327,019	8,078,321
Unrestricted	17,952,818	12,934,808	15,034,338	17,883,852	19,607,470	19,119,412	19,649,500	25,024,836	31,892,731	35,117,156
Total Business-type Activities Net Position	89,136,348	98,827,710	102,111,468	104,728,456	110,491,297	115,615,408	122,494,412	130,996,427	143,128,742	150,486,583
Primary Government										
Invested in Capital Assets, Net of Related Debt	239,115,205	262,727,277	266,648,155	272,559,489	273,823,466	286,904,337	307,679,188	316,980,384	270,412,328	313,946,881
Restricted	10,644,904	11,107,620	11,135,155	11,173,757	17,126,125	19,668,479	19,528,115	68,479,064	72,532,745	46,104,042
Unrestricted	33,934,116	32,583,483	38,595,590	45,991,644	56,279,367	61,962,191	62,588,556	57,433,789	149,819,833	97,514,365
Total Primary Government Net Position	283,694,225	306,418,380	316,378,900	329,724,890	347,228,858	369,834,627	389,796,859	442,893,237	462,764,906	457,565,288

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Expenses										
Governmental Activities:										
General Government	\$ 25,767,542	\$ 13,717,369	\$ 12,109,691	\$ 15,502,901	\$ 17,389,131	\$ 16,608,707	\$ 18,395,535	\$ 20,291,415	\$ 44,494,650	\$ 26,118,851
Community Services							1,263,211	1,308,157	1,104,739	1,160,626
Development Services	2,666,063	2,790,912	2,995,757	3,137,078	3,291,558	3,517,200	3,626,463	3,979,425	3,394,698	4,318,675
Public Works	8,765,876	9,377,398	10,556,329	10,680,313	10,800,864	10,908,608	14,564,901	16,297,364	15,974,955	18,322,736
Recreation							2,146,638	2,236,178	2,010,135	2,117,615
Public Safety	9,977,339	10,344,086	10,247,065	10,593,261	10,592,624	10,878,736	11,515,459	12,857,799	11,069,346	14,373,525
Parks, Recreation, and Culture	2,482,574	2,798,666	3,004,123	3,194,554	4,432,215	4,514,140	-	-	-	-
Finance and Administrative Services	1,877,795	1,962,277	1,792,390	1,599,655	1,446,215	1,343,194	1,250,915	1,542,672	2,479,864	2,929,191
Interest on Long-term Debt	51,537,189	40,950,708	40,705,355	44,707,762	47,952,607	47,770,585	52,763,122	58,513,010	80,528,387	69,341,219
Business-type Activities										
Water	12,169,090	13,234,622	13,218,308	14,600,787	14,665,809	15,080,336	15,267,223	16,374,117	18,751,004	17,569,181
Sanitation	1,941,646	2,223,915	2,255,978	2,753,324	2,737,800	2,798,131	2,602,360	2,816,637	2,669,590	2,856,678
Mulligans	1,216,443	1,151,246	1,140,856	1,104,589	1,076,915	1,064,918	997,913	955,743	892,923	1,125,656
Total Business-type Activities Expenses	15,327,179	16,609,783	16,615,142	18,458,700	18,480,524	18,943,385	18,867,496	20,148,497	22,313,517	21,551,515
Total Primary Government Expenses	66,864,368	57,560,491	57,320,497	63,166,462	66,433,131	66,713,970	71,630,618	78,659,507	102,841,904	90,892,734
Program Revenues										
Governmental Activities:										
Charges for Services:										
General Government	5,321,133	10,797,411	8,413,802	10,023,023	4,191,264	3,934,299	4,704,833	37,564,149	5,712,853	5,138,585
Community Services							50,104	55,098	67,194	82,357
Development Services	2,626,351	2,287,428	2,203,018	2,207,553	3,770,162	4,425,104	3,635,389	4,627,339	4,226,567	4,150,663
Public Works	3,434,446	1,570,106	1,504,460	2,340,293	6,333,077	5,872,832	2,672,510	2,743,340	4,568,970	2,464,043
Recreation							1,796,106	1,788,484	1,793,237	1,636,357
Public Safety	558,538	418,644	-	-	1,350,973	1,331,243	1,325,863	1,644,075	530,654	2,130,108
Parks, Recreation, and Culture	247,646	52,655	922,630	2,142,558	1,929,378	2,069,070	-	-	-	-
Finance and Administrative Services							-	-	-	-
Operating Grants and Contributions	2,239,958	1,854,699	2,245,987	2,104,024	2,560,591	2,513,188	2,323,266	2,394,591	6,490,793	3,394,843
Capital Grants and Contributions	16,470,876	11,616,590	2,845,815	4,130,047	4,764,233	7,329,039	18,803,409	10,552,053	5,384,258	10,588,796
Total Governmental Activities Programs Revenues	30,898,948	28,597,533	18,135,712	22,947,498	24,899,678	27,474,775	35,311,480	61,369,129	28,774,526	29,585,752
Business-type Activities:										
Charges for Services:										
Water	14,061,525	13,606,735	15,198,823	15,457,540	17,058,838	17,400,811	18,087,734	19,262,475	21,011,522	21,760,554
Sanitation	2,270,385	2,590,014	2,631,313	2,782,767	2,899,907	3,205,435	3,196,587	3,468,690	3,395,857	3,823,429
Mulligans	1,232,693	1,253,843	1,150,831	1,343,934	1,229,420	1,232,458	1,283,966	1,374,806	1,279,072	1,143,210
Capital Grants and Contributions	5,937,377	8,824,471	764,448	1,437,347	2,955,905	2,386,344	3,689,351	4,547,450	4,758,408	2,075,071
Total Business-type Activities Program Revenues	23,501,980	26,275,063	19,745,415	21,021,588	24,144,070	24,225,048	26,257,638	28,653,421	30,444,859	28,802,264
Total Primary Governmental Program Revenues	54,400,928	54,872,596	37,881,127	43,969,086	49,043,748	51,699,823	61,569,118	90,022,550	59,219,385	58,388,016

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Net (Expense)/Revenue										
Governmental Activities	(20,638,241)	(12,353,175)	(22,569,643)	(21,760,264)	(23,052,929)	(20,295,810)	(17,451,642)	2,856,119	(51,753,861)	(39,755,467)
Business-type Activities	8,174,801	9,665,280	3,130,273	2,562,888	5,663,546	5,281,663	7,390,142	8,506,924	8,131,340	7,750,749
Total Primary Government Net Expense	(12,463,440)	(2,687,895)	(19,439,370)	(19,197,376)	(17,389,383)	(15,014,147)	(10,061,500)	11,363,043	(43,622,521)	(32,004,718)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Taxes	13,403,866	14,238,268	17,254,088	19,339,283	21,559,693	21,379,926	21,700,883	22,629,814	22,551,834	23,271,204
Property Taxes	7,363,412	7,470,026	8,301,690	9,047,468	9,815,735	9,682,273	10,909,154	12,417,683	13,958,648	15,467,338
Sales and Use Taxes	2,363,720	2,520,364	2,771,527	2,793,820	3,181,151	3,530,287	3,567,464	3,569,710	3,635,774	3,759,171
Energy Sales and Use Tax	918,708	937,852	872,976	921,270	14,546	1,093,176	1,138,852	1,892,006	1,936,872	2,048,685
Other Taxes	173,197	47,843	-	51,222	89,002	47,339	323,617	345,920	198,188	83,163
Gain (Loss) on Disposition of Capital Assets	505,683	175,085	199,610	380,297	233,224	487,295	388,660	884,202	1,212,872	2,675,538
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Transfers	76,370	(3,470)	(153,485)	(44,100)	(99,295)	157,552	4,909	4,909	(4,000,973)	(107,091)
Total Governmental Activities	24,804,956	25,385,968	29,246,406	32,489,260	34,794,056	36,377,848	38,033,539	41,744,244	39,493,215	47,198,008
Business-type Activities:										
Gain (Loss) on Disposal of Capital Assets	-	22,612	-	10,000	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	-	-	-	-	-
Transfers	(76,370)	3,470	153,485	44,100	99,295	(157,552)	(4,909)	(4,909)	4,000,973	107,091
Total Business-type Activities	(76,370)	26,082	153,485	54,100	99,295	(157,552)	(4,909)	(4,909)	4,000,973	107,091
Total Primary Government	24,728,586	25,412,050	29,399,891	32,543,360	34,893,351	36,220,296	38,028,630	41,739,335	43,494,188	47,305,099
Change in Net Position										
Governmental Activities	4,166,715	13,032,793	6,676,763	10,728,996	11,741,127	16,082,038	20,581,897	44,600,363	(12,260,646)	7,442,541
Business-type Activities	8,098,431	9,691,362	3,283,758	2,616,988	5,762,841	5,124,111	7,385,233	8,502,015	12,132,313	7,357,840
Total Primary Government	\$ 12,265,146	\$ 22,724,155	\$ 9,960,521	\$ 13,345,984	\$ 17,503,968	\$ 21,206,149	\$ 27,967,130	\$ 53,102,378	\$ (128,333)	\$ 14,800,381

CITY OF SOUTH JORDAN
Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General Fund										
Nonspendable	\$ 10,612	\$ 10,993	\$ 21,408	\$ 26,239	\$ 39,877	\$ 166,613	\$ 527,304	\$ 150,539	\$ 145,704	\$ 70,634
Restricted	-	-	-	14,164	11,862	97,525	163,911	733,574	481,571	263,678
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	87,393	230,000	-	378,200	401,382	139,038
Unassigned	5,213,666	5,221,309	5,279,652	5,188,567	5,988,567	6,788,567	6,788,567	8,369,672	9,279,814	9,818,217
Total General Fund	\$ 5,224,278	\$ 5,232,302	\$ 5,301,060	\$ 5,228,970	\$ 6,127,699	\$ 7,282,705	\$ 7,479,782	\$ 9,631,985	\$ 10,308,471	\$ 10,291,567
All Other Governmental Funds										
Nonspendable	\$ 116,328	\$ 96,857	\$ 96,857	\$ 134,313	\$ 28,092	\$ 38,636	\$ 3,932,631	\$ -	\$ -	\$ 2,526
Restricted	4,765,105	5,222,316	5,224,294	5,881,257	8,675,553	9,717,192	10,940,056	59,056,621	49,598,477	37,762,043
Committed	336,903	358,253	383,801	395,500	436,800	490,700	-	-	-	-
Assigned	11,687,422	10,465,979	15,563,096	21,817,815	29,380,518	36,073,318	38,468,133	43,755,366	44,005,861	50,540,689
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	\$ 16,905,758	\$ 16,143,405	\$ 21,268,048	\$ 28,228,885	\$ 38,520,963	\$ 46,319,846	\$ 53,340,820	\$ 102,811,987	\$ 93,604,338	\$ 88,305,258

CITY OF SOUTH JORDAN
Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 23,738,906	\$ 25,158,343	\$ 29,220,387	\$ 32,264,757	\$ 34,709,723	\$ 35,899,296	\$ 37,403,004	\$ 40,467,075	\$ 42,062,363	\$ 44,529,591
Licenses and Permits	1,829,604	2,287,428	2,205,018	2,207,553	3,062,607	3,434,674	2,947,782	3,843,132	3,481,022	3,579,710
Intergovernmental	2,239,959	1,966,229	2,245,987	2,104,024	2,560,591	3,023,580	2,134,027	2,254,258	2,929,794	2,955,803
Charges for Services	6,533,932	6,999,950	7,327,252	9,013,661	8,883,855	9,441,736	9,366,262	9,855,949	9,607,185	9,361,432
Fines and Forfeitures	1,001,232	1,043,493	885,487	827,665	769,367	785,586	902,968	842,865	599,267	601,668
Special Assessments	711,536	716,910	721,063	721,697	728,319	650,673	651,909	787,557	1,039,910	3,093,546
Interest	505,683	175,085	199,615	380,297	233,224	487,295	388,660	884,199	1,212,872	2,675,538
Impact fees	1,572,054	2,253,364	1,504,460	2,340,293	3,845,738	3,488,334	3,008,561	2,831,187	2,517,660	2,624,781
Miscellaneous	1,024,621	2,214,569	922,626	2,142,558	845,968	903,152	1,970,798	1,140,720	4,034,162	3,484,076
Total Revenues	39,157,527	42,815,371	45,229,895	52,002,505	55,639,392	58,114,326	58,773,971	62,906,942	67,484,235	72,906,145
Expenditures										
General Government	10,868,597	9,956,496	9,876,422	10,334,377	9,123,845	9,622,956	9,236,326	9,946,197	11,485,501	11,584,209
Community Services	-	-	-	-	-	-	1,165,684	1,242,376	1,166,694	1,112,654
Development Services	2,622,687	2,733,183	2,905,598	3,047,669	3,272,100	3,517,569	3,573,768	3,747,832	3,956,533	4,220,898
Public Works	3,452,789	4,267,434	4,755,483	4,410,272	4,826,681	4,852,827	8,004,660	8,634,159	8,979,513	10,661,256
Recreation	-	-	-	-	-	-	1,606,161	1,774,055	1,669,889	1,682,459
Public Safety	9,248,471	9,184,918	9,498,423	9,916,399	10,202,639	10,383,972	11,042,351	11,471,980	12,763,478	13,494,051
Parks, Recreation, and Culture	1,880,757	2,046,671	2,392,833	2,144,382	3,312,352	3,410,928	-	-	-	-
Tax Increment Distributions	13,696,931	2,524,699	1,959,040	4,253,776	6,997,878	6,496,362	7,830,105	8,763,836	8,094,887	7,674,396
Developer Reimbursement	-	-	-	-	-	-	-	-	24,070,898	5,412,565
Capital Outlay	11,233,238	7,525,348	3,266,161	4,665,859	3,226,177	7,673,273	6,662,804	9,323,836	8,164,510	14,810,243
Debt Service	-	-	-	-	-	-	-	-	-	-
Principal	3,227,438	3,414,344	3,361,174	4,812,188	2,149,736	2,747,919	2,929,432	4,288,796	12,700,917	5,195,712
Interest and Fees	1,618,274	2,024,325	1,880,074	1,568,137	1,524,401	1,354,322	1,249,395	1,317,402	2,695,028	3,033,943
Other	259,409	-	-	130,652	-	-	-	893,278	339,356	-
Total Expenditures	58,108,591	43,677,418	39,895,208	45,283,711	44,635,809	50,060,128	53,300,686	61,403,747	96,087,204	78,882,386
Excess (Deficiency) of Revenues over Expenditures	(18,951,064)	(862,047)	5,334,687	6,718,794	11,003,583	8,054,198	5,473,285	1,503,195	(28,602,969)	(5,976,241)

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

Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other Financing Sources (Uses)										
Issuance of Long Term Debt	\$ 19,357,000	\$ -	\$ -	\$ 6,880,000	\$ -	\$ -	\$ -	\$ 45,710,000	\$ 21,155,000	\$ -
Interim Warrants	-	-	-	-	-	-	-	-	-	-
Capital Lease	-	-	-	78,122	286,519	665,000	1,385,000	970,000	-	-
Sale of Capital Assets	306,961	111,188	12,200	(6,838,782)	77,139	77,139	354,857	417,777	334,766	767,348
Payment to Refunded Bonds Escrow Agent	-	-	-	(9,374,735)	9,120,774	10,309,550	9,981,201	-	-	-
Transfers In	8,036,191	7,674,394	8,565,411	9,418,836	(9,220,069)	(10,151,998)	(9,976,292)	10,574,111	9,221,465	9,910,685
Transfers Out	(7,959,821)	(7,677,864)	(8,718,896)	(9,418,836)	(9,220,069)	(10,151,998)	(9,976,292)	(10,569,202)	(13,222,438)	(10,017,776)
Total Other Financing Sources (Uses)	19,957,039	107,718	(141,285)	169,953	187,224	899,691	1,744,766	50,120,176	20,071,806	660,257
Net Change in Fund Balances	\$ 1,005,975	\$ (754,329)	\$ 5,193,402	\$ 6,888,747	\$ 11,190,807	\$ 8,953,889	\$ 7,218,051	\$ 51,623,371	\$ (8,531,163)	\$ (5,315,984)

* Debt Service as a Percentage of Noncapital Expenditures 10% 15% 15% 16% 9% 10% 9% 11% 17% 13%

* Capital Outlay/Number used in computing Debt Service as a Percentage of Noncapital Expenditures is found in Note 2-B - capital outlay

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	
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			
2014		3,480,663,218		855,343,364		79,552,100		109,718,157		4,305,840,525	2.21		6,573,802,328	65.50			
2015		3,875,242,027		882,172,868		102,555,634		486,046		4,859,484,483	2.08		7,235,213,177	67.16			
2016		4,323,254,477		951,132,748		113,072,729		2,953,520		5,384,506,434	1.95		8,024,824,025	67.10			
2017		4,735,752,039		1,064,107,427		125,014,848		3,651,840		5,921,222,474	1.90		8,868,931,965	66.76			
2018		5,091,082,986		1,122,779,497		143,562,090		2,818,385		6,354,606,189	1.88		9,593,305,831	66.24			

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 School District		Salt Lake County		Salt Lake County		Mosquito Abatement		Central Utah Water Conservancy District		Sandy Suburban		South Valley Sewer		Jordan Valley Water Conservancy District		Crescent Cemetery	
2009	2.03	2.03	2.07	2.07	7.38	0.56	2.28	0.03	0.40	0.90	0.38	0.40	0.40	0.90	0.38	0.40	0.40	0.40	0.40	0.40	0.04	0.04
2010	2.07	2.07	2.33	2.33	6.49	0.58	2.59	0.05	0.42	0.94	0.37	0.42	0.42	0.94	0.37	0.41	0.41	0.41	0.41	0.41	0.05	0.05
2011	2.33	2.33	2.38	2.38	7.32	0.60	2.70	0.05	0.44	0.97	0.40	0.44	0.44	0.97	0.40	0.42	0.42	0.42	0.42	0.42	0.05	0.05
2012	2.38	2.38	2.44	2.44	7.36	0.63	2.79	0.02	0.46	1.03	0.41	0.46	0.46	1.03	0.41	0.44	0.44	0.44	0.44	0.44	0.05	0.05
2013	2.44	2.44	2.21	2.21	7.13	0.76	3.18	0.02	0.45	1.04	0.40	0.45	0.45	1.04	0.40	0.42	0.42	0.42	0.42	0.42	0.05	0.05
2014	2.21	2.21	2.08	2.08	6.70	0.72	3.04	0.02	0.42	0.95	0.37	0.42	0.42	0.95	0.37	0.40	0.40	0.40	0.40	0.40	0.04	0.04
2015	2.08	2.08	1.95	1.95	6.87	0.75	2.53	0.02	0.41	0.89	0.35	0.41	0.41	0.89	0.35	0.40	0.40	0.40	0.40	0.40	0.04	0.04
2016	1.95	1.95	1.90	1.90	6.91	0.64	2.64	0.02	0.40	-	0.33	0.40	0.40	-	0.33	0.37	0.37	0.37	0.37	0.37	0.04	0.04
2017	1.90	1.90	1.88	1.88	6.42	0.61	2.49	0.02	0.40	-	0.32	0.40	0.40	-	0.32	0.40	0.40	0.40	0.40	0.40	0.04	0.04
2018	1.88	1.88			6.50	0.56	2.26	0.02	0.40	-	0.30	0.40	0.40	-	0.30	0.40	0.40	0.40	0.40	0.40	0.03	0.03

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	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
RiverPark LLC	\$ 262,223,100	1	4.90%			
eBay Inc	91,920,700	2	1.72			
San Tropez Holdings LLC	87,712,148	3	1.64			
Boyer Jordan Heights	83,023,500	4	1.55	\$ 19,409,000	9	0.47%
Merit Medical Systems Inc	73,762,180	5	1.38	36,120,760	3	0.88
Wal-Mart	58,260,900	6	1.09	27,020,900	4	0.66
Sterling Village Partners, LLC	29,693,785	7	0.55			
Miles Group	27,957,350	8	0.52			
SJ Utah LLC	27,621,040	9	0.52			
WW Daybreak LLC	24,995,905	10	0.47			
The Distric LLC				123,022,600	1	3.01
Kennecott Land Residential				107,615,080	2	2.63
Perry and Associates Inc.				26,654,190	5	0.65
Harvest Point LLC				23,340,900	6	0.57
JG Parkway Tower LLC				21,975,600	7	0.54
DBVC1 LLC				20,774,200	8	0.51
DEF Properties LLC				19,325,970	10	0.47
Total	\$ 767,170,608		14.33%	\$ 425,259,200		10.40%

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
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	282,383	7,613,347	98.57
2011	8,512,362	8,175,797	96.05	195,487	8,371,284	98.34
2012	9,313,139	9,068,345	97.37	157,525	9,225,870	99.06
2013	9,648,746	9,444,798	97.89	139,979	9,584,777	99.34
2014	10,486,896	10,284,965	98.07	171,349	10,456,314	99.71
2015	10,803,390	10,566,323	97.81	108,485	10,674,808	98.81
2016	11,267,866	10,979,400	97.44	103,106	11,082,506	98.35
2017	11,637,275	11,364,805	97.66	59,210	11,424,015	98.17
2018	12,113,735	11,897,337	97.97	-	11,897,337	98.21

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*	2018			2009		
	South Jordan Direct POS	Rank	Percentage of Total Direct POS	South Jordan Direct POS	Rank	Percentage of Total Direct POS
Retail/Grocery	\$ 1,648,560	1	9.66%			
Undisclosed**	1,011,842	2	5.93	\$ 1,182,019	1	18.14%
Retail/Grocery	776,009	3	4.55	708,220	2	10.87
Auto Sales	735,248	4	4.31			
Auto Sales	663,281	5	3.88	279,431	3	4.29
Retail/Grocery	544,546	6	3.19			
Auto Sales	520,594	7	3.05			
Retail/Grocery	487,473	8	2.86	244,805	7	3.76
Auto Sales	480,797	9	2.82	278,113	4	4.27
Utility	402,935	10	2.36	212,481	8	3.26
Retail/Grocery				251,388	5	3.86
Retail/Grocery				245,616	6	3.77
Retail/Grocery				160,848	9	2.47
Retail/Grocery				138,639	10	2.13
Total	\$ 7,271,283		42.57%	\$ 3,701,561		56.81%

Source: Utah State Tax Commission

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

**Due to the unique nature of the tax payer's industry, revealing the industry would reveal the taxpayer.

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>
2009	1.00	1.15	4.70
2010	1.00	1.15	4.70
2011	1.00	1.15	4.70
2012	1.00	1.15	4.70
2013	1.00	1.15	4.70
2014	1.00	1.15	4.70
2015	1.00	1.15	4.70
2016	1.00	1.15	4.70
2017	1.00	1.15	4.70
2018	1.00	1.15	4.70

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

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

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Water Sales	\$ 12,486,513	\$ 12,377,203	\$ 13,729,928	\$ 14,046,642	\$ 15,663,982	\$ 15,956,690	\$ 16,591,975	\$ 17,343,573	\$ 18,691,221	\$ 19,188,886
Secondary Water Sales	624,251	658,378	674,235	718,625	727,326	733,424	736,857	735,874	740,236	744,923
Other	660,966	443,352	456,633	503,425	553,151	539,810	597,700	917,128	1,241,932	1,270,597
Total Water Fund Revenue	\$ 13,771,730	\$ 13,478,932	\$ 14,860,796	\$ 15,268,692	\$ 16,944,459	\$ 17,229,924	\$ 17,926,532	\$ 18,996,575	\$ 20,673,389	\$ 21,204,406

Source: City of South Jordan

Note: Other includes Finance Charges and Water Meter Sets.

CITY OF SOUTH JORDAN

Ratios of Outstanding Debt by Type

Last Ten Years

(dollars in thousands except per capita)

Fiscal Year	Governmental Activities						Business-type Activities						Total Primary Government	Percentage of Personal Income	Per Capita
	Municipal Bldg Authority	Excise Tax Road Bond	Sales Tax Increment Bonds	Leases	Special Assessment Bond	Subordinate Sales Tax/Tax Increment Bond	RDA Tax Increment Bond	Water Revenue Bonds	Municipal Bldg Authority (Mulligans)	Total Primary Government					
2009	\$ 7,675	\$ 685	\$ 20,845	\$ 1,094	\$ 5,266	\$ -	\$ 10,300	\$ 36,610	\$ 5,940	\$ 88,415	7.51	\$ 1,790			
2010	7,305	350	19,975	712	4,765	-	9,525	34,905	5,745	83,282	6.42	1,655			
2011	6,925	-	19,075	500	4,245	-	8,716	33,110	5,540	78,111	5.60	1,549			
2012	6,880	-	16,570	280	3,705	-	7,872	31,210	5,330	71,847	4.42	1,333			
2013	6,807	-	16,234	190	3,144	-	7,013	29,993	5,170	68,551	4.13	1,221			
2014	6,274	-	15,715	616	2,562	-	6,116	27,849	4,936	64,069	3.52	1,089			
2015	5,726	-	15,172	1,683	1,957	-	5,179	25,667	-	55,385	3.04	941			
2016	5,164	-	14,028	1,645	35,412	14,575	4,212	23,360	-	98,395	4.40	1,426			
2017	4,581	-	28,274	790	34,486	14,486	3,203	20,973	-	106,791	4.78	1,547			
2018	3,983	-	27,365	-	33,084	13,787	2,149	18,656	-	99,024	3.89	1,323			

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. See Demographic and Economic Statistics for personal income and population data.

CITY OF SOUTH JORDAN

Direct and Overlapping Governmental Activities Debt

As of June 30, 2018

<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	\$ 209,615,000	6.43%	\$ 13,484,343
Jordan School District	124,920,000	30.26%	37,796,584
Central Utah Water Cons. District	213,942,622	6.43%	<u>13,762,735</u>
Subtotal overlapping debt			65,043,662
City direct debt			<u>80,367,937</u>
Total direct and overlapping debt			<u>\$ 145,411,599</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 2018

Assessed Value	\$ 6,354,606
Reasonable Fair Cash Value	\$ 9,593,306
Debt Limit (8% of Reasonable Cash Value)	767,464
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	<u>\$ 767,464</u>

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt limit										
General (4% Fair Cash Value)	\$ 224,260	\$ 254,901	\$ 223,686	\$ 241,246	\$ 236,430	\$ 255,581	\$ 289,409	\$ 320,993	\$ 354,758	\$ 383,732
Water and Sewer (4% Fair Cash Value)	224,260	254,901	223,686	241,246	236,430	255,581	289,409	320,993	354,758	383,732
Total 8% Debt Limit	448,520	509,802	447,372	482,492	472,860	511,162	578,818	641,986	709,515	767,464
Total Net Debt Applicable to Limit	-	-	-	-	-	-	-	-	-	-
Legal debt margin	\$ 448,520	\$ 509,802	\$ 447,372	\$ 482,492	\$ 472,860	\$ 511,162	\$ 578,818	\$ 641,986	\$ 709,515	\$ 767,464
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: The general obligation bonded debt of the City is limited by the Utah Constitution (Article 14, Section 4) to 8% of the "reasonable fair cash value" of property. Of this percent, a maximum of 4% may be used for general purposes. The remaining 4% and any unused portion of the 4% available for general purposes up to the maximum of 8% may be utilized for water and/or sewer purposes.

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

Fiscal Year	Water Revenue Bonds				Special Assessment Bonds				Sales Tax Bonds			
	Utility Service Charge	Less: Operating Expenses	Net Available Revenue	Debt Service	Special Assessment Bonds	Debt Service			Sales and Use Tax	Debt Service		
						Principal	Interest	Coverage		Principal	Interest	Coverage
2009	\$ 13,410	\$ 7,948	\$ 5,462	\$ 1,190	\$ 704	\$ 504	\$ 200	\$ 7,363	\$ 465	\$ 622	6.77	
2010	13,207	8,644	4,563	1,705	704	501	203	7,470	870	906	4.21	
2011	14,404	8,715	5,689	1,795	703	520	183	8,302	900	869	4.69	
2012	14,765	9,734	5,031	1,900	703	540	163	9,047	945	830	5.10	
2013	16,391	9,898	6,493	2,050	704	561	143	9,816	485	720	8.14	
2014	16,690	10,311	6,379	1,025	703	582	121	9,682	505	698	8.05	
2015	17,927	10,771	7,156	2,125	704	605	99	10,909	530	677	9.03	
2016	18,997	11,627	7,370	2,250	703	628	75	12,418	1,130	818	6.37	
2017	20,673	14,014	6,660	2,330	1,946	857	1,089	13,959	1,175	1,155	5.99	
2018	21,204	13,067	8,137	2,485	2,407	1,332	1,075	15,467	1,430	1,670	4.99	

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.

2015 RDA Subordinate Sales Tax and Tax Increment Bonds is included in the Sales Tax Bond debt service numbers. However, sales tax is pledged only to the extent of tax increment revenue not being sufficient to cover required bond payments.

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		Coverage	Class C Road Funds Revenue	Debt Service		Coverage	Project Revenues	Debt Service		Coverage
		Principal	Interest			Principal	Interest			Principal	Interest	
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
2014	726	525	201	1.00	-	-	-	-	1,732	897	308	1.44
2015	725	540	185	1.00	-	-	-	-	1,699	937	269	1.41
2016	723	555	168	1.00	-	-	-	-	1,702	967	228	1.42
2017	726	575	151	1.00	-	-	-	-	1,865	1,009	185	1.56
2018	724	590	134	1.00	-	-	-	-	1,195	1,054	141	1.00

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

Calendar Year	Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2009	49,382	\$ 1,204,495,728	\$ 24,391	5.3
2010	50,333	1,297,566,499	25,780	7.6
2011	50,418	1,395,029,694	27,669	7.3
2012	53,902	1,623,872,709	30,126	5.9
2013	56,132	1,658,849,309	29,553	4.8
2014	58,839	1,822,135,979	30,968	4.0
2015	65,150	2,039,758,365	31,309	3.5
2016	69,023	2,235,973,744	32,395	3.3
2017	71,102	2,359,834,138	33,189	3.1
2018	74,852	2,546,773,504 *	34,024	3.0

Population provided by South Jordan Community Development Department.
 Unemployment Rate - Bureau of Labor Statistics, www.bls.gov,
 not seasonally adjusted, annual average ending June for Salt Lake County.
 Personal Income - <http://tax.utah.gov/econstats/income/fed-2000s>
 & <http://tax.utah.gov/econstats/income/federal-returns>.
 * 2018 Personal Income amounts not available; estimated
 based on average of prior years.

CITY OF SOUTH JORDAN

Principal Employers

Current Year and Ten Years Ago

Employer	2018			2009		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
Merit Medical	1,645	1	6.67%	857	2	6.81%
Ultradent	1,541	2	6.25	750	3	5.96
Jordan School District	1,482	3	6.01	2,115	1	16.81
Extend Health	800	4	3.24			
IHC Health Services	592	5	2.40			
Wal-Mart Supercenter	515	6	2.09	297	6	2.36
City of South Jordan	488	7	1.98	440	4	3.50
Rio Tinto Services	481	8	1.95			
AdvancedMD	408	9	1.65			
University Healthcare	400	10	1.62			
Landesk Software				335	5	2.66
Mona Vie				288	7	2.29
LifeTime Fitness				270	8	2.15
Megaplex 20				264	9	2.10
Hewlett Packard				250	10	1.99
Total	8,352		33.85%	5,866		46.58%

Source: The City of South Jordan

CITY OF SOUTH JORDAN
Full-Time Equivalent City Government Employees by Function/Program
 Last Ten Fiscal Years

<u>Function/Program</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General government	10.25	10.25	10.25	9.16	9.22	8.26	10.27	11.25	10.87	9.53
Management Services	19.00	19.00	17.00	19.00	17.00	16.00	16.00	17.00	22.00	22.43
Finance	11.00	8.00	9.00	7.00	9.00	10.40	9.55	9.58	12.13	15.57
Planning	4.50	6.00	6.00	7.00	7.00	6.00	7.00	7.00	7.21	7.15
Building	8.00	9.00	12.00	12.00	13.00	12.00	12.00	13.00	14.00	13.00
Legal	7.00	7.00	6.00	6.48	6.45	6.45	6.52	7.30	5.37	6.39
Municipal Court	6.00	8.00	7.00	6.04	6.15	6.12	6.13	6.00	4.03	5.30
Other	24.00	22.00	19.00	23.00	24.34	25.54	28.02	28.22	29.80	30.01
Police										
Officers	49.00	48.00	50.00	47.00	50.00	50.00	48.00	50.00	51.00	57.00
Civilians	11.75	10.75	8.91	14.06	14.42	14.15	14.58	13.22	15.99	14.43
Fire										
Firefighters and Officers	46.00	45.00	47.00	45.18	47.30	48.56	48.10	48.58	63.22	62.69
Civilians	2.00	2.00	1.34	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Refuse Collections	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00
Other Public Works										
Engineering	20.00	19.00	18.00	17.00	16.00	17.00	17.00	17.00	17.81	18.04
Streets	13.00	12.00	12.00	13.00	13.16	13.70	14.13	14.33	14.22	17.10
Storm Drain	10.00	8.00	8.00	8.00	9.16	9.00	9.00	9.00	9.00	9.00
Other	11.00	13.00	13.00	14.00	13.37	13.54	14.66	15.73	14.22	15.67
Redevelopment	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	47.00	50.25	58.25	72.91	66.80	58.30	65.07	61.53	64.53	64.66
Water	19.00	19.00	18.00	19.00	18.16	19.07	20.07	21.12	21.42	22.57
Total	321.50	319.25	323.75	344.83	345.53	339.09	351.10	355.86	382.82	396.54

Source: The City of South Jordan HR Department

CITY OF SOUTH JORDAN
Capital Asset Statistics by Function/Program
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	52	52	52	52	52	52	52	52	59	65
Fire Stations	2	2	2	2	2	2	2	2	3	
Other public works										
Streets (City-maintained miles)	216	220	222	225	243	251	265	269	284	296
Streetlights*	4,230	4,355	4,521	4,756	5,001	5,216	5,463	5,620	5,871	4,947
Storm drain (miles)	125	125	126	127	118	119	129	134	137	140
Traffic signals	13	10	15	15	26	27	27	27	33	34
Parks and recreation										
Acreage	400	400	400	400	400	400	400	403	404	496
Playgrounds	16	18	18	20	20	20	22	23	23	23
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Soccer/football fields	9	9	9	9	9	9	9	9	9	9
Basketball/tennis courts	11	12	12	12	12	12	12	12	12	12
Fishing ponds	2	2	2	2	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Culinary water lines (miles)	279	306	310	313	320	332	344	351	365	377
Irrigation water lines (miles)**	161	98	98	167	115	116	116	122	124	106
Fire hydrants	2,805	2,836	2,897	2,929	3,091	3,183	3,327	3,399	3,526	3,642
Storage capacity (thou. of gallons)	18,000	18,000	33,600	33,600	33,600	33,600	33,600	33,600	33,600	38,600

Source: The City of South Jordan

* In fiscal year 2018, a inventory of streetlights indicated the City has 6,068 streetlights but only owns 4,947.

** In fiscal year 2018, a inventory of irrigation water lines indicated the City owns only 106 miles of irrigation water lines.

CITY OF SOUTH JORDAN

Operating Indicators by Function/Program

Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
General government										
Building permits issued	1,064	1,086	1,058	1,296	1,611	1,501	1,572	2,177	2,166	2,153
Building inspections conducted	41,852	52,873	37,178	50,533	54,680	50,283	59,103	59,604	19,924	32,649
Police										
Physical arrests	1,248	960	927	799	810	745	1,001	832	1,012	1,258
Parking violations	401	558	490	381	624	413	515	474	279	192
Traffic violations	11,892	10,395	10,327	9,247	8,712	8,490	10,124	9,229	6,544	5,354
Fire										
Emergency responses	2,472	2,401	2,546	2,020	2,561	2,710	2,998	3,321	6,335	4,580
Fires extinguished	123	807	981	110	84	79	76	84	118	95
Inspections	1,474	1,237	1,537	272	693	705	850	430	830	1,088
Other public works										
Street resurfacing (miles)	13	2	3	7	26	30	42	68	53	57
Potholes repaired	10,200	12,000	2,400	996	501	70	348	134	169	94
Parks and recreation										
Athletic field permits issued	6	7	8	7	7	7	8	8	19	19
Community center admissions	14,176	16,433	18,011	22,263	22,144	23,344	24,978	25,363	26,377	30,597
Water										
New connections	689	1,180	840	885	587	640	1,301	858	1,242	1,515
Water main breaks*	222	35	130	117	77	74	50	90	35	22
Average daily consumption (thousands of gallons)	10,587	10,484	9,659	10,830	13,417	12,170	12,250	12,500	13,800	13,531
Peak daily consumption* (thousands of gallons)	25,382	26,523	27,317	25,370	30,080	31,730	30,670	29,033	34,040	31,760

Source: The City of South Jordan

Note: Community Center admissions is an estimate

* Indicates Estimated Indicators

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INTERNAL CONTROL AND COMPLIANCE REPORTS





GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
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ESTABLISHED 1974

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SIDNEY S. GILBERT, CPA
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INDEPENDENT AUDITOR'S 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
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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 30, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of South Jordan'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 opinions on the 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 entity's 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 which 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 financial statements are free of material misstatements, 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 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 instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
October 30, 2018



GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE STATE COMPLIANCE AUDIT GUIDE

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

Report On Compliance with General State Compliance Requirements

We have audited the City of South Jordan's ("the City") compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor that could have a direct and material effect on the City for the year ended June 30, 2018.

General state compliance requirements were tested for the year ended June 30, 2018 in the following areas:

- Budgetary Compliance
- Cash Management
- Fund Balance
- Impact Fees
- Utah Retirement Systems
- Justice Court
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the state requirements referred to above.

Auditor's Responsibility

Our responsibility is to express an opinion on the City's compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with general state compliance requirements. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Compliance

In our opinion, the City of South Jordan, complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the State Compliance Audit Guide and which are described in the accompanying letter to those charged with Governance dated October 30, 2018 as item 18-1. Our opinion on compliance is not modified with respect to this matter.

The City's response to the noncompliance findings identified in our audit is described in the accompanying letter to those charged with Governance dated October 30, 2018 as item 18-1. The City's response was not subjected to auditing procedures applied in the audit of compliance and, accordingly we express no opinion on the response.

Report on Internal Control over Financial Reporting

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Gilbert & Stewart

GILBERT & STEWART, CPA PC
Provo, Utah
October 30, 2018

City of South Jordan
Finance Department
1600 W Towne Center Dr
South Jordan, UT 84095

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www.sjc.utah.gov