

ANNUAL REPORT TO THE COMMUNITY
CITY OF SOUTH JORDAN, UTAH
FISCAL YEAR ENDED JUNE 30, 2019



2019

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2019



South Jordan City Service Values

- ◇ **Integrity**—We do the right thing, even when no one is looking.
- ◇ **Service**—We listen, understand, and deliver.
- ◇ **Professionalism**—We are committed to be the best.
- ◇ **Communication**—We are respectful and collaborative.
- ◇ **Excellence**—We continue to raise the bar on our performance.

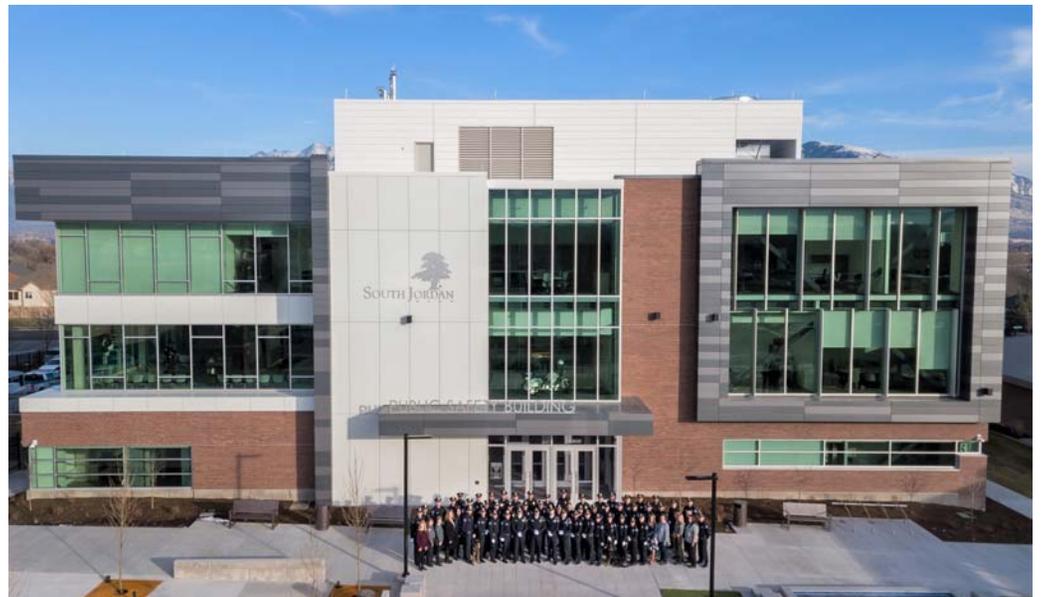
WHAT IS THE PAFR?

The City of South Jordan's Popular Annual Financial Report (PAFR) is an unaudited summary report of the financial activities of the City and is prepared primarily from detailed information contained in the City's audited 2019 Comprehensive Annual Financial Report (CAFR), with selected information from CAFRs prepared in earlier years. Information is also derived from the City's fiscal year 2019 budget.

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

This PAFR has been prepared to simplify the information in the CAFR and better inform the public about the overall financial picture of the City without the heavy use of technical accounting terms or excessive detail. The PAFR is not intended to provide a complete financial picture of the City in accordance with GAAP.

Questions or feedback concerning any of the information provided in this report should be directed to the City's Finance department at (801) 446-HELP.



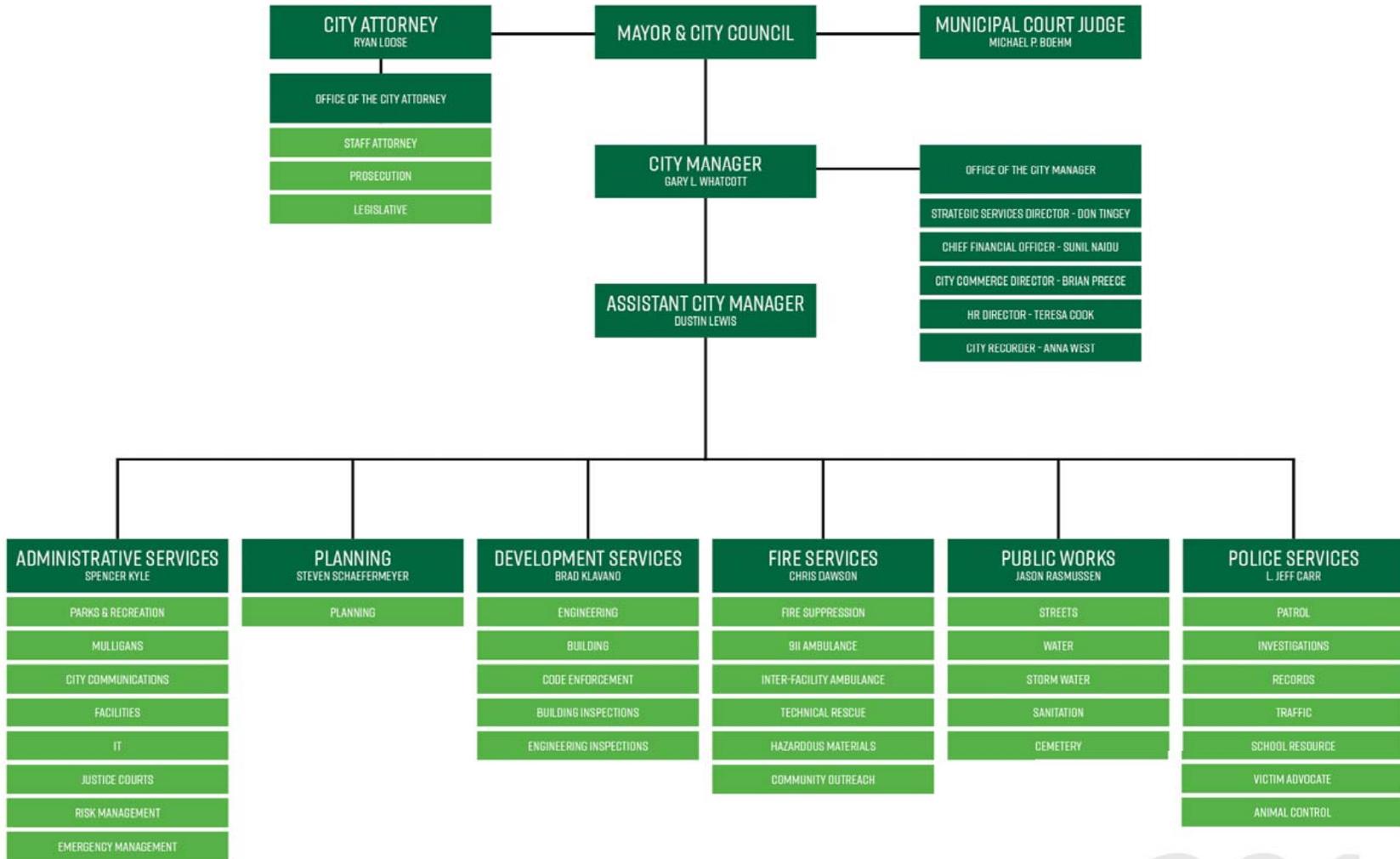
New Public Safety Building Completed in January 2019

WHAT IS THE PAFR

2019

City of South Jordan, Utah

Organizational Chart



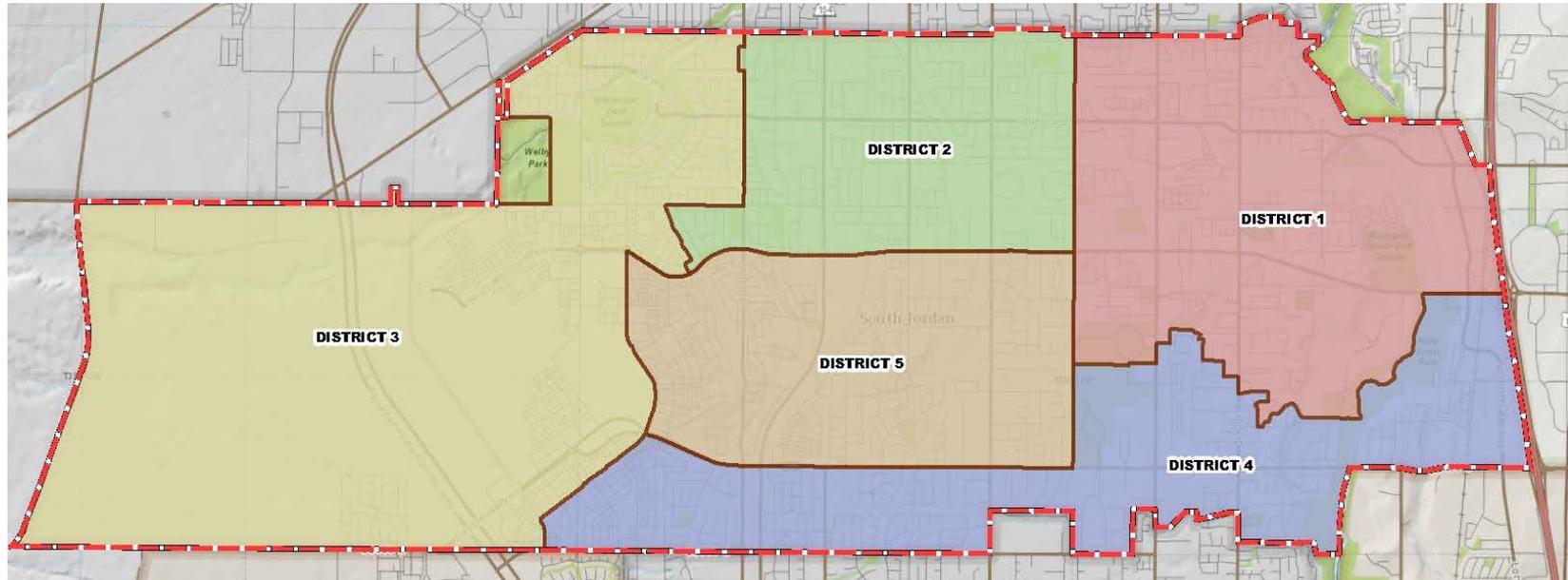
CITY ORGANIZATION

2019



SOUTH JORDAN MAYOR AND CITY COUNCIL

(FROM LEFT TO RIGHT): COUNCIL MEMBER PATRICK HARRIS (DISTRICT 1), COUNCIL MEMBER DONALD J. SHELTON (DISTRICT 3), COUNCIL MEMBER TAMARA ZANDER (DISTRICT 4), MAYOR DAWN R. RAMSEY, COUNCIL MEMBER JASON T. MCGUIRE (DISTRICT 5), COUNCIL MEMBER BRAD MARLOR (DISTRICT 2).

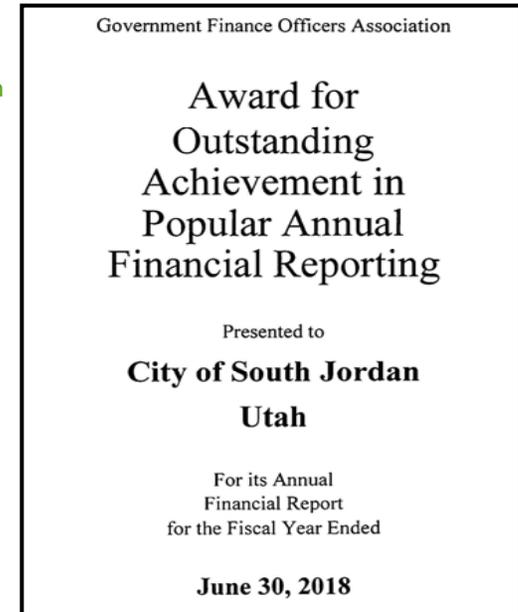


ELECTED OFFICIALS

2019

The Government Finance Officers Association (GFOA) was founded in 1906 and represents public finance officials throughout the United States and Canada. The GFOA’s mission is to enhance and promote the professional management of governmental financial resources by identifying, developing, and advancing fiscal strategies, policies, and practices for the public benefit. The GFOA has established several highly regarded professional recognition programs to encourage and assist state and local governments of all types and sizes to improve the quality of their financial management and to recognize their achievement.

- ◆ **Award for Outstanding Achievement in Popular Annual Financial Reporting**—The Government Finance Officers Association of the United States and Canada (GFOA) has given an **Award for Outstanding Achievement in Popular Annual Financial Reporting** to the City of South Jordan for its Popular Annual Financial Report for the fiscal year ended June 30, 2018. The Award for Outstanding Achievement in Popular Annual Financial Reporting is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government reports. In order to receive an Award for Outstanding Achievement in Popular Annual Financial Reporting, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal. An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of South Jordan has received a Popular Award for the last six consecutive years 2013-2018. We believe that our current PAFR continues to conform to the Popular Annual Financial Reporting requirements, and we are submitting it to GFOA to determine its eligibility for another Award.
- ◆ **Certificate of Achievement for Excellence in Financial Reporting**— The City of South Jordan’s **Comprehensive Annual Financial Report** for the years ended 2017-2018 was awarded the Certificate of Achievement for Excellence in Financial Reporting by Government Finance Officers Association of the United States and Canada (GFOA). This was the 33rd consecutive year the City has received this prestigious award. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. Such a CAFR must satisfy both generally accepted accounting principles and applicable legal requirements. A certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to conform to the Certificate of Achievement Program’s requirements, and we are submitting it to GFOA to determine its eligibility for another Certificate.
- ◆ **Distinguished Budget Presentation Award**—Finally, the GFOA presented a **Distinguished Budget Presentation Award** to the City for its annual budget for the fiscal year beginning July 1, 2018. This was the 25th consecutive year the City has received this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communication device. This award is valid for a period of one year. The City has submitted an application for this award for the fiscal year beginning July 1, 2019.





Vision Statement

We are a family oriented community, founded upon principles of accountability, integrity, industry, and innovation with an unwillingness to compromise in securing a sustainable environment for future generations.

Mission Statement

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

Quick South Jordan Information

- ◇ South Jordan was settled in 1859.
- ◇ South Jordan was incorporated in 1935.
- ◇ Current City Government is a Council-Manager form of government.
- ◇ Area is 22.26 square miles.
- ◇ Parks & Open Space 641 acres.



2019

** Information for this page provided by City of South Jordan.



Top 10 Employers

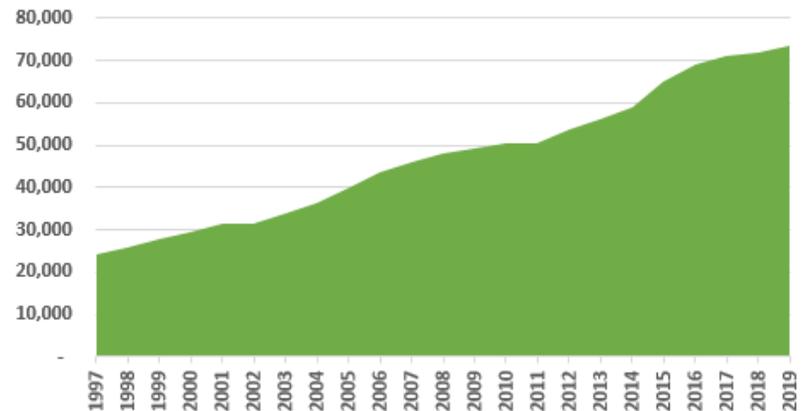
1. Merit Medical
2. Ultradent
3. Jordan School District
4. Willis Towers Watson
5. WalMart
6. AdvancedMD
7. IHC Health Services
8. City of South Jordan
9. Lucid Software
10. Rio Tinto Services

Economic Overview

- South Jordan is the 10th largest city in the state with a population of 73,666.
- AAA Credit Rating (Implied GO Bond).
- Unemployment Rate of 2.9 percent.
- Per Capita Personal Income of \$34,024.
- South Jordan is part of the Jordan School District.
- The median age in South Jordan is 33.

New! AAA rating for revenue bonds.

Population Trend



2019

GETTING TO KNOW SOUTH JORDAN

** Information for this page provided by City of South Jordan.

Where Did the Money Come From? - Governmental Fund Revenue

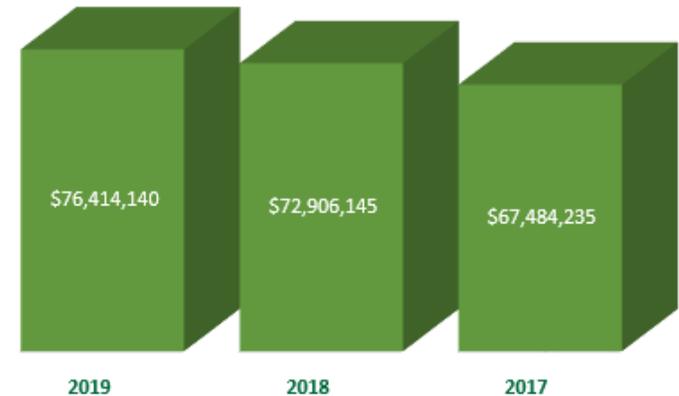
Governmental Fund Revenue	2019	2018	2017	
Taxes	\$ 45,983,944	\$ 44,529,591	\$ 42,062,363	▲
Licenses and Permits	3,456,503	3,579,710	3,481,022	▼
Intergovernmental	5,883,824	2,955,803	2,929,794	▲
Charges for Services	10,702,283	9,361,432	9,607,185	▲
Fines and Forfeitures	582,999	601,668	599,267	▼
Special Assessments	3,045,219	3,093,546	1,039,910	▼
Interest	3,432,805	2,675,538	1,212,872	▲
Impact Fees	1,519,359	2,624,781	2,517,660	▼
Miscellaneous	1,807,204	3,484,076	4,034,162	▼
Total	\$ 76,414,140	\$ 72,906,145	\$ 67,484,235	



2019 Financial Highlights

- General government fund revenues totaled \$76,414,140.
- The majority of total general government revenue comes from taxes (60.2 percent), with sales, use, and property tax totaling 87.0 percent of all tax revenue.
- Overall revenue increased \$3,507,995 when compared to 2018 (increase of 4.8 percent). This increase can largely be attributed to increased tax revenue (\$1,454,353), increased intergovernmental revenues (\$2,928,021) and increased charges for services (\$1,340,851).
- Most notably, miscellaneous revenue declined by \$1,676,872 compared to 2018.

Governmental Fund Revenue



2019

**Information from Statement of Revenues, Expenditures, and changes in Fund Balance.

Governmental Fund Revenue Sources

Sales and Use Tax—Of the 7.25 percent collected in Salt Lake County, 1.00 percent is allocated for distribution to local governments. More detail can be found on page 12—“Sales Tax.”

Other Taxes—Other taxes not specifically called out are energy sales and use tax, telecommunications license tax, transient room tax, local transit tax and cable television franchise tax.

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

Fines and Forfeitures—Payment for violations of state statute and city ordinances.

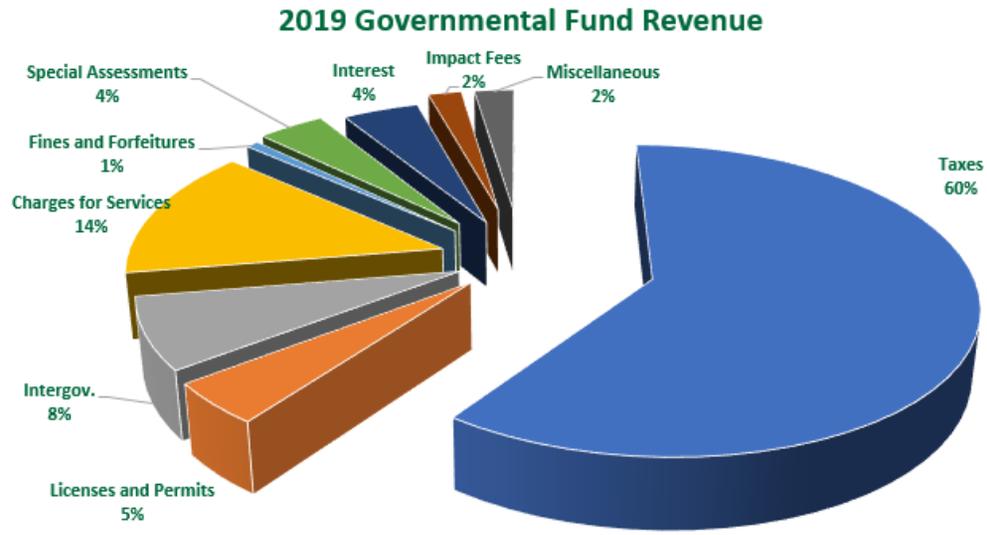
Charges for Services—Represents charges to the public for services the City provides. Examples include ambulance fees, engineering fees, plan check fees, zoning and subdivision fees, general public sanitation fees, and cemetery fees.

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

Property Tax—Property tax is levied on the assessed value of all real property and certain personal property located within the City. More detail can be found on page 11—“Property Tax.”

Impact Fees—Fees used to offset the additional burden on city infrastructure caused by new developments within the City.

Miscellaneous Revenue—Consists of revenues received that are not otherwise categorized in another area.



**Information from Statement of Revenues, Expenditures, and changes in Fund Balance.

2019

Where Did the Money Go?—Governmental Fund Expenditures

Annually, the Budget Officer submits a budget for the City Council’s adoption. The proposed budget must not include expenditures that exceed estimated opening balances and anticipated income. The budget is driven by the City’s Strategic Action Plan, which consists of the mission statement, core service values, strategic initiatives, and program goals. The City provides a full range of services, including police and fire protection, water and sanitation services, recreational activities and facilities, animal control services, and cultural events. The City is also responsible for the construction and maintenance of streets, buildings, parks, cemetery, and other amenities.

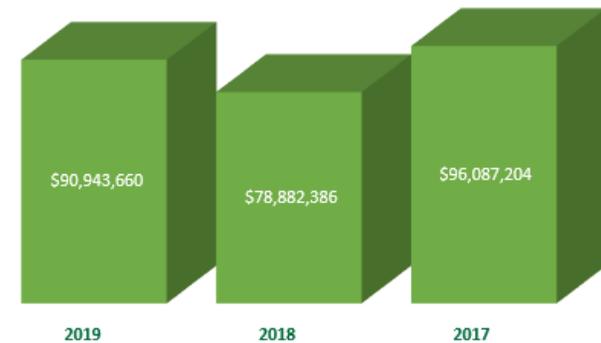
Fiscal Year 2019 Highlights

- In 2019, total general government expenditures increased by \$12,061,274, or 15.3 percent, when compared to fiscal year 2018. This increase is largely due to increased developer reimbursements for infrastructure from the 2015 RDA and 2016 SAA bonds compared to fiscal year 2018 (\$5,820,210).
- The City also saw increased expenditures for public safety (\$2,276,801) largely from increased salary, benefits, and equipment.
- The City did see increased expenditures in fiscal year 2019 compared to 2018 in Capital Outlay and Projects by \$1,499,345. This is largely due to the City completing its new public safety building and remodeling City hall.
- The City also saw an increase in debt service payments when compared to fiscal year 2018 (\$1,605,904).



Governmental Fund Expenditures

Governmental Fund Expenditures	2019	2018	2017	
General Government	\$ 6,401,608	\$11,584,209	\$11,485,501	↓
Administrative Services	8,755,622	-	-	↑
Community Services	-	1,112,654	1,166,694	↓
Development Services	4,571,159	4,220,898	3,956,533	↑
Public Works	8,627,101	10,661,256	8,979,513	↓
Recreation	1,776,639	1,682,459	1,669,889	↑
Public Safety	15,770,852	13,494,051	12,763,478	↑
Tax Increment Distributions	7,662,757	7,674,396	8,094,887	↓
Capital Outlay and Projects	16,309,588	14,810,243	8,164,510	↑
Developer Reimbursement	11,232,775	5,412,565	24,070,898	↑
Debt Service	9,835,559	8,229,655	15,395,945	↑
Bond Issuance Costs	-	-	339,356	
Total	\$90,943,660	\$78,882,386	\$96,087,204	



2019

**Information from Statement of Revenues, Expenditures, and changes in Fund Balance.

Governmental Fund Expenditure Categories

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

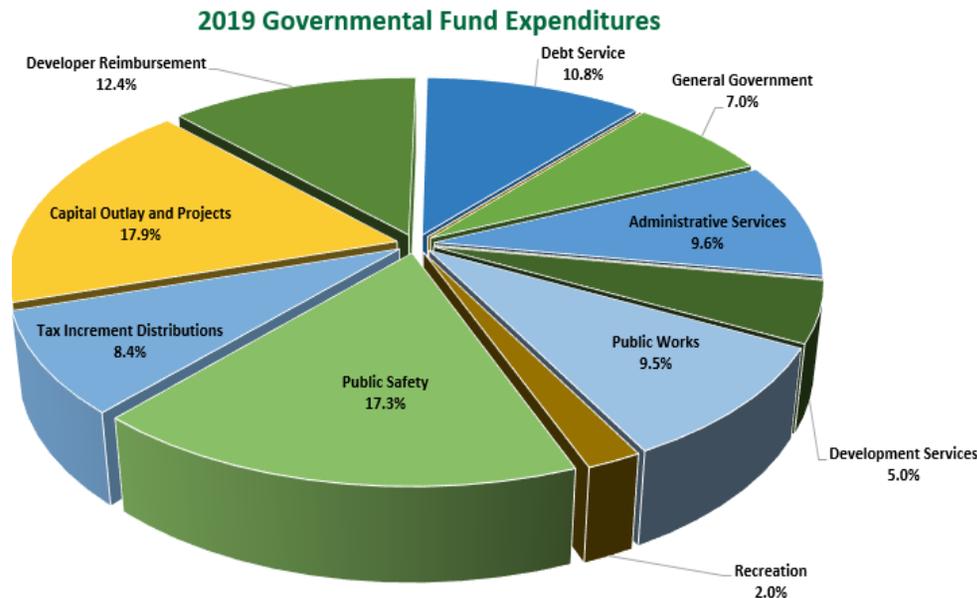
General Government—Includes expenditures incurred for administrative departments including: General Administration, Finance, Facilities, City Attorney, Human Resources, City Commerce, City Recorder.

Administrative Services— Includes Recreation Programs, Facilities, the Justice Court, Communication/Marketing, Information Services, the Information Center, and Risk Management.

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

Public Works—Includes expenditures for Streets, the City’s Cemetery, Fleet, Parks, and Street Lighting.

Debt Issuance Costs—Costs associated with issuing new bonds. Examples of costs would be underwriting fees and legal expenditures.



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

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

Recreation—Includes the City’s Fitness & Aquatic Center.

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

WHERE DID THE MONEY GO?

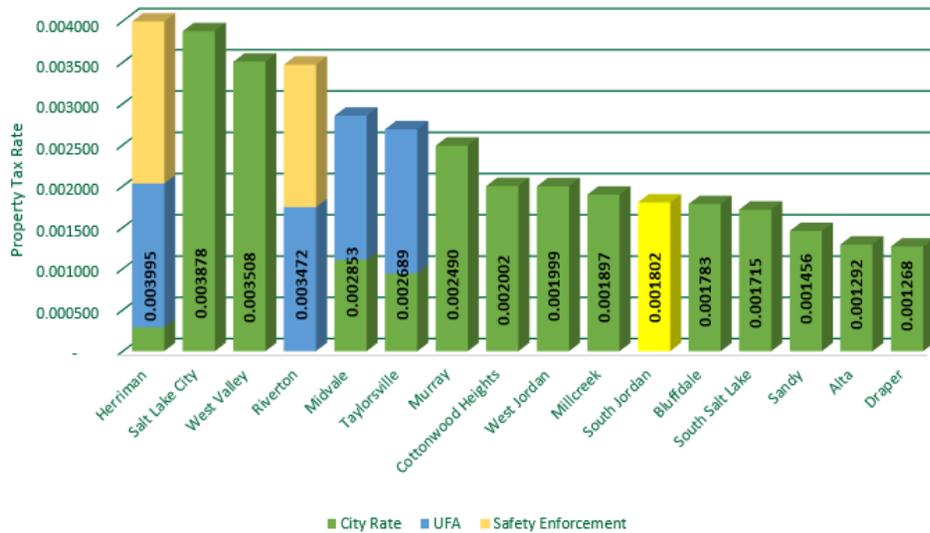
2019

**Information from Statement of Revenues, Expenditures, and changes in Fund Balance.

In Depth—Property Tax

City of South Jordan property taxes are approved by the City Council. The property tax rate is used to calculate a resident’s overall property taxes. For primary residences, homeowners pay tax on 55 percent of the assessed value. Each year a “certified tax rate” is calculated by Utah State Tax Commission. This certified rate will provide the same amount of property tax revenue to the City as the previous year, excluding the revenue generated by new growth. If the City determines it needs greater revenues than what the certified tax rate will generate, the City is required to hold a “Truth in Taxation” hearing which includes proper notification to residents of purpose and impact of the tax increase and a public hearing. The City did complete the “Truth in Taxation” process to raise property taxes in fiscal year 2019 for the first time since 2007.

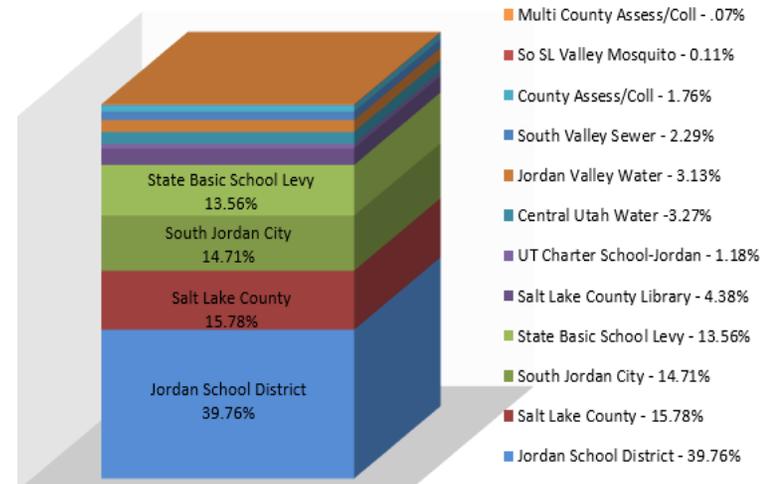
2018 Calendar Year City Property Tax Comparison**



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

South Jordan City only receives approximately \$0.15 of every \$1 paid in property tax

Allocation of the South Jordan Taxpayer's 2019 Property Tax



PROPERTY TAX DOLLARS

2019

In Depth—Sales Tax

Sales tax is the largest source of revenue in the General Fund (31.3 percent). Of the total 7.25 percent collected by the Utah State Tax Commission on sales within South Jordan, 1.00 percent is allocated to local government. The remaining 6.25 percent is distributed as follows: State of Utah (4.85 percent), mass transit (1.05 percent), Salt Lake County (0.25 percent), and Zoo, Arts, & Parks (ZAP) (0.1 percent).

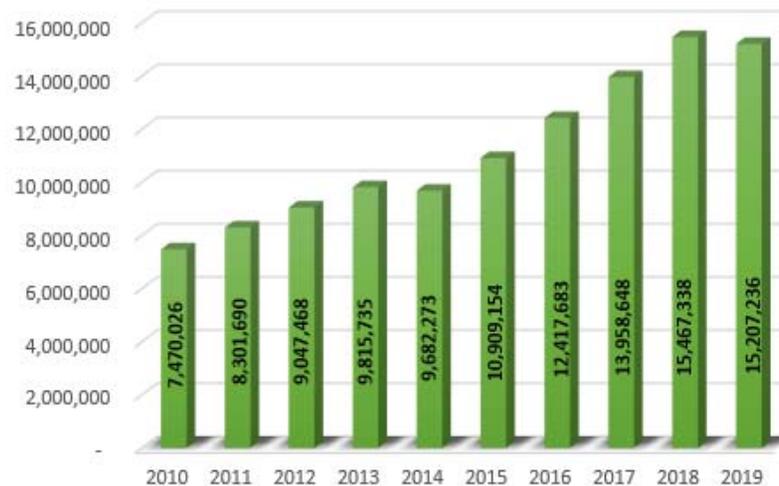
The City has seen a substantial increase in sales tax revenue over the past 10 years, going from \$7.47 million in 2009 to \$15.21 million in 2019. In 2019, the City’s sales tax decreased by 1.7% when compared to fiscal year 2018 due to the elimination of sales taxes paid on mining by the state of Utah legislature.

Top 5 Principal Sales Tax Payers*

1. Retail/Grocery
2. Retail/Grocery
3. Auto Sales
4. Auto Sales
5. Auto Sales

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

10 Year Historical Sales Tax Collections



Did You Know?

Property tax revenue (the City’s second largest source of revenue) does not have any built-in inflationary measures. Other sources of income or property tax increases must be used to cover normal inflation the City experiences. Residents can help keep taxes low by supporting your local South Jordan businesses.

SALES TAX DOLLARS

2019

This statement presents information on how the City’s net assets changed during the year as a result of the fiscal year’s financial activity (i.e. revenues and expenses), and includes governmental and business type activities. This Income Statement excludes fiduciary funds. Reported amounts may differ from amounts reported on pages 7-10 of this report due to the basis of accounting used.

The City’s Income Statement reflects the City’s financial activity for the fiscal year ended June 30, 2019. As compared to 2018, total revenue increased by .5 percent (\$507,549). The primary reason for this increase is due to increased property tax revenue of \$1,429,255 from growth and from a property tax increase that went into effect in fiscal year 2019. This was netted with other increases and decreases in revenues sources, including a decrease of \$260,102 in sales tax. The overall expenses for the City increased by 12 percent (\$11,021,401) compared to 2018. This was primarily due to increased expenses from government activities in 2019 from developer reimbursements (\$11,232,775) for the 2015 RDA and 2016 SAA bonds and capital outlay (\$16,309,588). The City did see increased expenses in 2019 in the Sanitation funds. Sanitation expenses increased due to increased costs of providing services and increased demand for services due to growth (see page 6 for population trend).

Did you Know?

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

Modified accrual accounting (presented on pages 7-10 of this report) recognizes revenues when they become available and measurable, and generally recognizes expenses when they have occurred.

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

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

Income Statement - Primary Government	2019	2018	2017
Revenues			
Program Revenues			
Charges for Services	\$ 41,677,370	\$ 42,329,306	\$ 42,585,926
Operating Grants and Contributions	3,261,957	3,394,843	6,490,793
Capital Grants and Contributions	10,146,044	12,663,867	10,142,664
General Revenues			
Property Tax	24,700,459	23,271,204	22,551,834
Sales and Use Tax	15,207,236	15,467,338	13,958,648
Energy Sales and Use Tax	3,981,011	3,759,171	3,635,774
Other Taxes	2,061,031	2,048,685	1,936,872
Gain on Disposition of Capital Assets	596,614	83,163	198,188
Unrestricted Investment Earnings	4,568,942	2,675,538	1,212,872
Total Revenues	106,200,664	105,693,115	102,713,571
Expenses			
Governmental Activities	80,415,494	69,341,219	80,528,384
Water	17,150,610	17,569,181	18,751,004
Sanitation	3,258,710	2,856,678	2,669,590
Mulligans	1,089,321	1,125,656	892,923
Total Expenses	101,914,135	90,892,734	102,841,901
Change in Net Position	4,286,529	14,800,381	(128,330)
Net Position - Beginning	457,565,288	442,764,907	442,893,237
Net Position - Ending	\$ 461,851,817	\$ 457,565,288	\$ 442,764,907

*Sources: 2017, 2018, 2019 CAFR Reports

2019

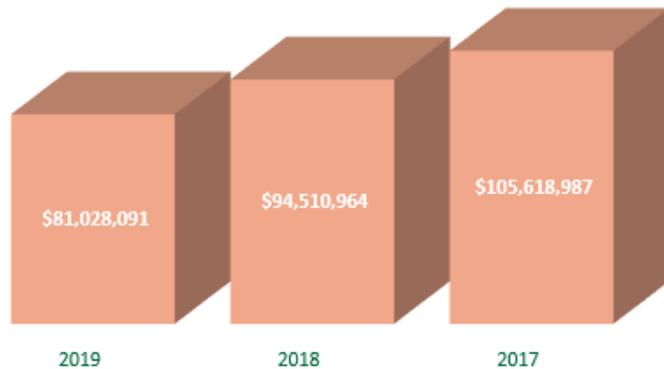
In Depth—Debt

The City’s debt is comprised of predominantly two major components:

- ⇒ **Revenue Bonds**—Debt secured by future income streams, such as sales tax, tax increment, or water revenue.
- ⇒ **Special Assessment Bonds**—Debt secured by special assessments levied against benefited property owners.

Did you know?
 The City of South Jordan has a AAA revenue and implied GO Bond rating. This is the highest rating available. By keeping the City’s rating at AAA, the City is able to take advantage of lower borrowing costs

What We Owe - Total Outstanding Debt



*Sources: 2017, 2018, 2019 CAFR Reports

Outstanding Debt

	2019	2018	2017
Governmental			
Revenue Bonds	\$ 39,794,000	\$ 43,364,000	\$ 46,438,000
Special Assessment Bonds	28,470,000	31,815,000	33,147,000
Capital Leases	-	-	789,713
Compensated Absences	2,137,467	1,911,692	1,797,198
Claims and Judgments	166,462	229,567	488,123
Total Governmental	\$ 70,567,929	\$ 77,320,259	\$ 82,660,034
Business-Type			
Revenue Bonds	\$ 10,335,000	\$ 17,055,000	\$ 22,825,000
Compensated Absences	125,162	135,705	133,953
Total Business-Type	\$ 10,460,162	\$ 17,190,705	\$ 22,958,953
Total Outstanding Debt	\$ 81,028,091	\$ 94,510,964	\$ 105,618,987

The City paid off its 2009 Water revenue bond in fiscal year 2019.

Is there a limit on the amount of bonds the City can Issue?

Yes, the general obligation and revenue bonded debt of the City is limited by the Utah Constitution (Article 14, Section 4) to 8 percent of the “reasonable fair cash value” of property. The City’s debt limit in fiscal year 2019 was \$859,782,000. The City’s current outstanding debt (\$81,028,091) is only at 9.42% of its legal limit.

WHAT WE OWE

2019

The following terms are used in this report and are defined below:

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

CLAIMS AND JUDGMENTS—The amount of claims and judgments the City is liable for as of June 30, 2019. The City pays these incurred claims back to the City’s insurance carrier over 5 years at zero percent interest.

COMPENSATED ABSENCES—Under Generally Accepted Accounting Principles, the City is required to accrue employee’s earned time off for vacations and compensatory time. The amount accrued is the maximum amount the City would be liable for in the case of employee termination.

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

GENERAL FUND—The chief operating fund of the City; accounts for all financial resources not accounted for and reported in another fund.

GENERAL OBLIGATION BONDS—A form of government debt that is backed by the full faith and credit of the government.

GOVERNMENT FINANCE OFFICERS ASSOCIATION (GFOA)— Organization whose mission is to promote the professional management of governments for the public benefit by identifying and developing financial policies and best practices and promoting their use through education, training, facilitation of member networking, and leadership.

GOVERNMENTAL ACTIVITIES—Functions of the City that are funded primarily through taxes and intergovernmental revenues. User charges do not fund a significant amount of the functions.

NET POSITION—The difference between the City’s assets and liabilities. It is the net worth of the City.

PRIMARY GOVERNMENT—All of the governmental and business-type activities belonging to the City, but excludes fiduciary funds.

