



# ANNUAL COMPREHENSIVE FINANCIAL REPORT

Fiscal Year Ended  
June 30, 2023

# Annual Comprehensive Financial Report

*For Fiscal Year Ended*

**June 30, 2023**



*City of South Jordan, Utah*

*Prepared by the Finance Department*

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**City of South Jordan, Utah**  
 Annual Comprehensive Financial Report  
 For the Fiscal Year Ended June 30, 2023

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SOUTH JORDAN  
CITY HALL

# INTRODUCTORY SECTION

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

November 30, 2023

The Honorable Mayor and  
Members of the City Council, and  
Citizens of South Jordan:

The Annual Comprehensive Financial Report (ACFR) of the City of South Jordan (the City) for the fiscal year ended June 30, 2023, 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. In addition, all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial affairs have been included.

This Annual Comprehensive Financial Report 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 (GAAP) 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 Annual Comprehensive Financial Report 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 Custodial Fund.

## **GOVERNMENTAL STRUCTURE, LOCAL ECONOMIC CONDITION, AND OUTLOOK**

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### ***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; interfacility ambulance services, and administrative services. The City also operates water distribution, a 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 25.74 square miles. The City's population is estimated at 87,356<sup>1</sup>. 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 10th 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 stable local economy despite the uncertainty surrounding inflation. The City continues to see interest in residential and commercial development. Overall, General Fund revenues rose 3.8 percent, with revenues from taxes increasing 9.6 percent over the prior year, largely from a 17 percent increase in property tax revenue and 22 percent from energy sales and use taxes. The City remains cautiously optimistic as Utah's unemployment rate increased slightly in June to 2.7 percent<sup>2</sup>. The state of Utah is also experiencing a strong housing market and growing population, which the City has demonstrated by continued housing and population growth.

The Bingham Creek Regional Park opened within the city boundaries, which when completed will be approximately 160 acres. This is a joint project where the City and Salt Lake County each contributed to its construction, with the City selling its fitness center to Salt Lake County in exchange for its portion of this project. The Salt Lake Bees also announced they will be building a new ball park and entertainment area in South Jordan, with a projected opening in 2025. Lastly, the City also announced an annexation agreement with Kennecott, which increased the boundaries of the City, adding an additional 2,200 acres for a future master planned community.

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<sup>1</sup> Source South Jordan City

<sup>2</sup> U.S. Bureau of Labor Statistics

**MAJOR INITIATIVES**

**Our Vision**

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.

**Our Mission**

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.

**Our Priorities**



*South Jordan City promotes a strong safety culture for the entire community and its workforce by:*

*South Jordan City delivers reliable public infrastructure by effectively planning and maintaining:*

*South Jordan City establishes and implements clear, effective, and necessary regulations to protect the health, safety and welfare of the community by:*

*South Jordan City promotes a strong sense of place by providing opportunities for:*

**STRATEGIES:**

- Creating a Safe Sense of Community
- Ensuring an Appropriate Response
- Ensuring Community Readiness

**STRATEGIES:**

- Multi-Modal Transportation Networks
- Public Utility Systems
- Public Facilities

**STRATEGIES:**

- Implementing & Enforcing Regulations
- Executing the General Plan
- Engaging the Community Appropriately

**STRATEGIES:**

- Parks, Trails & Open Space
- Recreation Programs & Events
- Arts & Culture

**GUIDING PRINCIPLES:**

SC-1. Protects the public while fostering personal safety and security while providing education throughout the community  
 SC-2. Responds to emergencies and calls for service and listens to concerns  
 SC-3. Enforces the law respectfully and without prejudice  
 SC-4. Delivers a safe and reliable public and private infrastructure system  
 SC-5. Engages the entire community to share in the responsibility for its safety, health and well-being

**GUIDING PRINCIPLES:**

RPI-1. Plans and coordinates with other stakeholders for quality public infrastructure (e.g. streets, culinary and secondary water, storm water, parks, trails, open space and public facilities)  
 RPI-2. Develops quality public infrastructure  
 RPI-3-. Maintains and operates quality public infrastructure  
 RPI-4. Endures funding from multiple stakeholders to effectively plan, develop, staff and operate quality public infrastructure

**GUIDING PRINCIPLES:**

BRE-1. Develops effective, well-balanced and consistently applied ordinances and policies  
 BRE-2. Implements ordinances and policies that encourage quality community growth and development  
 BRE-3. Educates and engages the members of the community, developing a sense of shared responsibility and community pride  
 BRE-4. Enforces ordinances and policies with adequate staffing to maintain a clean, orderly and sustainable community

**GUIDING PRINCIPLES:**

DAOS-1. Develops a quality parks, trails and recreation facilities system  
 DAOS-2. Maintains and operates a quality parks, trails and recreation system  
 DAOS-3. Preserves the community's heritage and culture for today's and future generations  
 DAOS-4. Offers a variety of park amenities, recreation and art programs and community events for all ages and abilities  
 DAOS-5. Partners with community stakeholders to maintain and expand park, art and recreational opportunities



South Jordan City promotes economic development by facilitating efforts with stakeholders for a sustainable future by:

South Jordan City promotes a sustainable community by planning for growth while aligning its resources through:

South Jordan City promotes an engaged and informed community through a variety of effective methods to inform, educate and connect with its residents by:

South Jordan City provides efficient and effective governance through best practices in:

**STRATEGIES:**

- Enhancing a Diverse & Dynamic Tax Base
- Ensuring Sustainability
- Engaging Stakeholders

**GUIDING PRINCIPLES:**

ED-1. Expands, attracts and retains a diverse mix of high quality employers to contribute to the community's economic sustainability and offer opportunities for employment  
 ED-2. Promotes the community as a safe, attractive and quality place to live, work and play  
 ED-3. Enhances a dynamic, sustainable and diversified tax base, balancing taxes, fees and charges  
 ED-4. Establishes a predictable and efficient development process that fosters a high degree of collaboration and coordination within the community and with diverse stakeholders  
 ED-5. Ensures a quality public infrastructure network that meets the needs of future economic growth objectives

**STRATEGIES:**

- Intentional & Integrated Planning
- Maintaining Service Levels
- Conservation Programs

**GUIDING PRINCIPLES:**

SG-1. Implements effective policies and programs to ensure the accomplishment of the General Plan and its related goals and objectives while using a variety of financial tools (e.g. RDA housing funds) to ensure diverse and affordable housing types  
 SG-2. Creates and supports environmentally sustainable programs including water conservation, recycling, energy conservation, and air quality improvement to ensure the financial well-being and long-term sustainability of the community  
 SG-3. Develops future water resources through a variety of innovative methods  
 SG-4. Enhances and maintains public transportation networks (e.g. TRAX, Frontrunner, I-15, MVC, Bangerter, U-111) ensuring long-term needs are incorporated into growth plans

**STRATEGIES:**

- Listening & Learning
- Informing & Educating
- Fostering Shared Responsibility

**GUIDING PRINCIPLES:**

EC-1. Responds to the needs and concerns of the community in a prompt, transparent, professional, respectful and ethical manner  
 EC-2. Ensures open, two-way communication, by listening to and soliciting feedback from community members  
 EC-3. Provides opportunities to engage and serve, informing and involving the community through a variety of methods  
 EC-4. Fosters a feeling of community pride, acceptance of others, and a sense of shared responsibility

**STRATEGIES:**

- Fiscal Responsibility
- Technology & Transparency
- Leadership & Operational Excellence
- Community Alignment

**GUIDING PRINCIPLES:**

FRG-1. Workforce: attracts, motivates, develops and retains a high-quality, engaged and productive workforce  
 FRG-2. Transparency: fosters fiscal responsibility, operational excellence, trust and transparency by ensuring accountability, efficiency and innovation in all operations  
 FRG-3. Resource Alignment: projects, manages, optimizes and invests in its human, financial, physical and technological resources to ensure alignment with planning and budget  
 FRG-4. Regulatory Compliance: assures regulatory and policy compliance to minimize and mitigate risk  
 FRG-5. Communication: provides responsive and accessible leadership, facilitates timely and effective two-way communication and utilizes input from all stakeholders  
 FRG-6. Vision and Planning: supports decision-making with timely and accurate short-term and long-range analysis that enhances vision and planning

**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 2023, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Park Projects. The City spent \$550,947 on constructing a new park (Heritage Park). In addition, the City spent \$197,039 on Jordan Ridge park, and \$160,805 on McKee Ridge park.
2. Road Projects. The City continued working on multiple road projects during the year, including expenditures for Grandville Avenue of \$1,072,118. In addition, the City spent \$778,912 on South Jordan Parkway and \$547,922 in alleyway repair and maintenance.
3. Storm Drain Projects. The City worked on multiple storm drain projects during the year, including \$541,146 in various storm drain projects.
4. Vehicle Replacement. The City continued to replace its aging vehicles. The City spent approximately \$543,569 on replacing vehicles and purchasing additional equipment. In addition, the City spent \$419,299 on replacing and purchasing new fleet equipment for public safety.
6. Water Projects. In an effort to maintain an aging water infrastructure, the City spent \$4,792,880 in fiscal year 2023 on water transite pipe replacement projects. In addition, the City spent \$882,355 in projects outlined in the City's water master plan. The City also spent \$211,639 in design plans for the City's new water tank.
7. Mulligans Remodel. The City spent \$240,021 in driving range improvements and \$358,009 in replacement equipment and new equipment.

**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 two active redevelopment areas (RDA's), two active economic development areas (EDA's), and four active community development areas (CDA's), and a recently approved community reinvestment area (CRA). These areas have been successful in assisting several new office, retail, and industrial businesses within the RDA boundaries.

The City welcomed many new businesses during the fiscal year. Several notable additions and/or expansions in fiscal year 2023, including expansion of Ultradent, Western States Lodging & Management, Kum & Go, Umpqua Bank Corporation, and Solium Capital.

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. The City has used tax abatements to attract and encourage expansion by businesses, in accordance with local and state laws. The City does not have a formal policy for tax abatements, but looks at each situation focusing on what is best for the City. The City's current abatements are largely used to reimburse a portion of the cost for putting in infrastructure, although there are several other abatements for taxes (largely sales tax). More information can be found in the notes section of this report (Note 16 pages 109-111) or from the City's redevelopment agency. The City publishes an annual RDA report that can be found on the City's website which provides additional information regarding each project area including an economic update, abatement information, a project summary, and benefits of each project area (<https://www.sjc.utah.gov/319/Economic-Development>).

## **FINANCIAL INFORMATION**

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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 2016 to 2023, the City's governmental funds revenues increased from \$62,906,942 to \$102,237,716, increasing by \$13,551,626 from 2022. Expenditures increased from \$61,403,747 to \$79,395,610, increasing slightly when compared to 2022 expenditures. Growth in proprietary fund revenue and expenses increased during this period. Proprietary fund operating revenues increased from \$29,434,894 to \$29,624,632, while operating expenses rose from \$27,060,386 to \$29,011,685.

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, 2023, 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 30, 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**

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### **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. The fiscal year 2023 audit disclosed no material deficiencies or issues of compliance. A single audit was not performed since the City did not expend \$750,000 or more in federal funds in fiscal year 2023.

### **Audit Committee**

The City's Audit Committee consists of the Mayor and two council members appointed by the City Council. The Audit Committee selects the City's independent auditor and meets with the auditor before and after completion of the City's annual audit to discuss the results. The Audit Committee also works with City's selected internal auditor to set the audit schedule and areas of focus for the internal auditor and to discuss the results.

## **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 annual comprehensive financial report for the fiscal year ended June 30, 2022. This was the 37th 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 annual comprehensive 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 annual comprehensive 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, 2022. 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, understandability, and reader appeal.

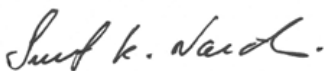
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of South Jordan has received a Popular Award for the last nine consecutive years. The City will be preparing a Popular Annual Financial Report this year and we will be submitting it to GFOA to determine its eligibility for another award.

## **Acknowledgments**

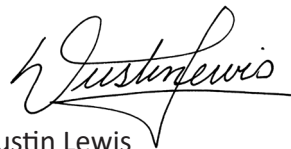
We would like to thank the Mayor, City Council, and Audit Committee for their interest and support in planning and conducting the financial operations of the City in a dedicated and responsible manner.

The preparation of the Annual Comprehensive Financial Report 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



Dustin Lewis  
City Manager



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of South Jordan  
Utah**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

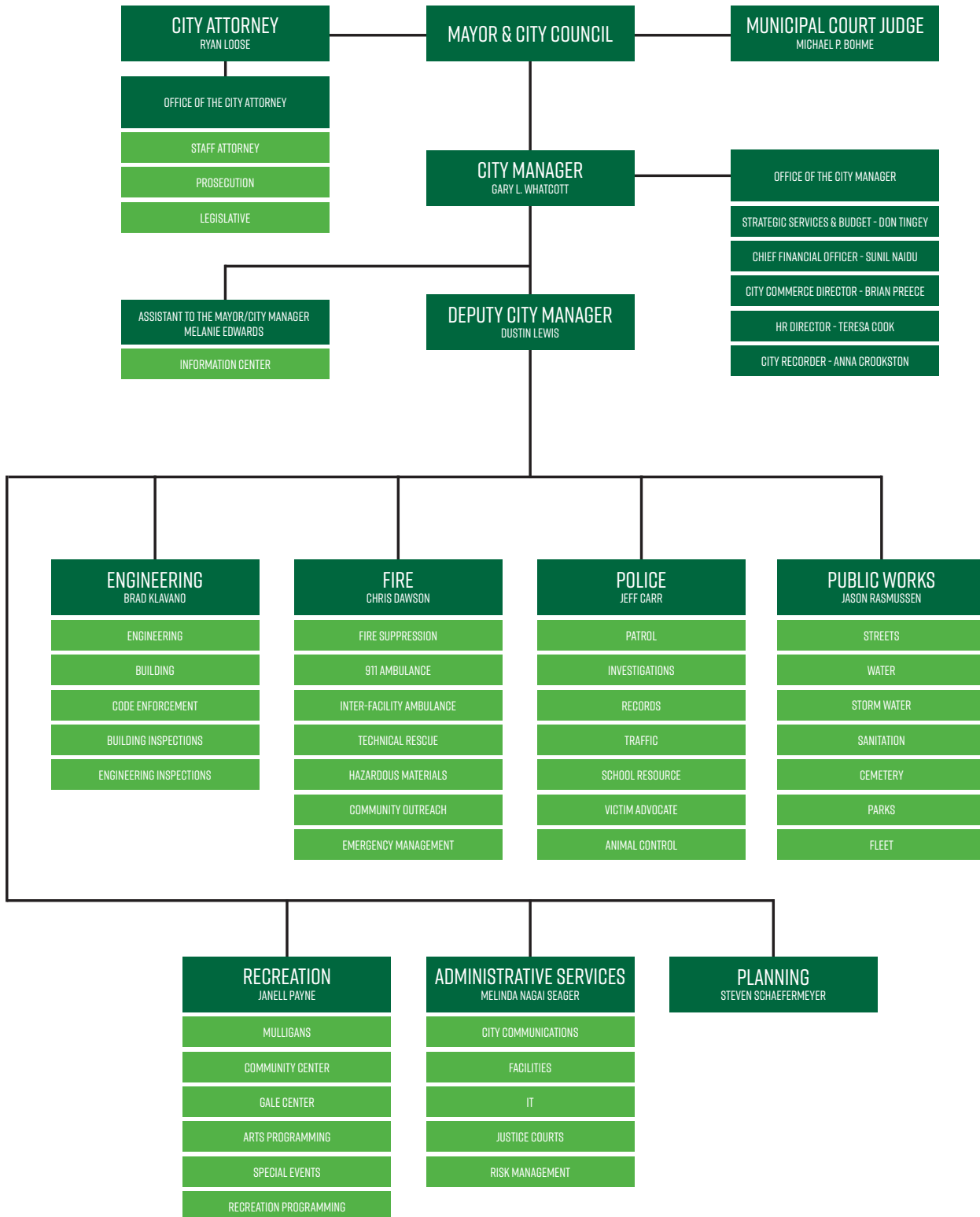
June 30, 2022

*Christopher P. Morill*

Executive Director/CEO

# SOUTH JORDAN CITY

## ORGANIZATIONAL STRUCTURE



**City of South Jordan, Utah**  
 List of Elected and Appointed Officials  
 As of June 30, 2023

**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
- Dustin Lewis ..... Deputy City Manager
- Ryan Loose ..... City Attorney
- Michael Boehm ..... Municipal Court Judge
- Sunil K. Naidu ..... Chief Financial Officer/Budget Officer
- Chip Dawson ..... City Treasurer
- Anna Crookston..... City Recorder

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# FINANCIAL SECTION

## **Independent Auditor's Report**



# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

RANDELA HEATON, CPA  
LYNNA 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

### Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2023 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.

### Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of South Jordan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of South Jordan's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### Auditor's Responsibilities for the Audit of the Financial Statements

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our objectives to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing

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standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 South Jordan's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about South Jordan's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

#### **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 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 combining statements, budgetary comparisons, and schedule of federal awards as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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, budgetary comparisons, and schedule of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2023, 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

November 30, 2023

## CITY OF SOUTH JORDAN, UTAH MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2023. 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

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- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of fiscal year 2023 by \$654,159,394 (net position). Of this amount, \$187,159,428 (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 \$48,181,074. Government activities had an increase in net position of \$42,629,550 mainly due to increased revenue from the gain on disposal of capital assets, state appropriated funds, donated infrastructure, and better-than-expected revenues and program expenses. Business-type activities provided a \$5,551,524 increase to the City's net position, primarily due to donated infrastructure, increased non-operating revenues from grants and investment earnings, and increased equity investment in the Trans Jordan Landfill.
- As of the close of fiscal year 2023, the City's governmental funds reported combined ending fund balances of \$146,623,849, an increase of \$24,825,565 (20 percent). The City increased revenues by \$13,551,626 in the City's governmental funds when compared to 2022 largely due to increased revenues from investment earnings (\$5,818,323) and intergovernmental revenues (\$5,139,512). The City also had increased expenditures by \$2,331,035 when compared to 2022. The City also issued new debt in fiscal year 2023 in the form of a note payable to the Utah Department of Transportation (UDOT) in the amount of \$984,000 for infrastructure related projects.
- At the end of fiscal year 2023, unassigned fund balance of the General Fund was \$18,368,411, or 35 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 was updated in fiscal year 2021 by the state legislature to allow up to 35 percent of next fiscal year's estimated revenues to be unassigned. The City's General Fund unassigned fund balance is currently at 28.5 percent of next year's budgeted revenues.
- The City's total long-term obligations (excluding net pension liability) decreased by \$5,262,763 (6.2 percent). This is largely due to the City making its scheduled principal bond repayments (\$6,035,000). The City also added \$984,000 in notes payable to UDOT for infrastructure projects. Total long-term debt for governmental activities decreased \$3,573,242 in fiscal year 2023 largely due to the City making its scheduled principal bond repayments (\$4,557,242).

- At the end of fiscal year 2023, the City recognized a total net pension asset of \$1,905,894 (decrease of \$9,915,210 from fiscal year 2022) and a total net pension liability of \$4,404,445 (increase of \$4,404,445 from fiscal year 2022). Much of the decrease in pension assets and increase in pension liability is due to investment losses from the tough economic and investment climate of 2022. More information regarding the City's retirement plans can be found in Note 11, which begins on page 90 and in the Required Supplementary Information, beginning on page 115.

## **REPORT OVERVIEW**

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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**

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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, 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

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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 note payable 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, 2023, the City's combined governmental fund balance is \$146,623,849 (\$54,373 in nonspendable, \$33,011,249 in restricted, \$95,189,816 in assigned, and \$18,368,411 in unassigned fund balances). Additional detail regarding governmental fund balances can be found in Note 1 on pages 58-60 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 nine individual governmental funds:

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

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 nonmajor 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 and Sanitation Funds, which are considered major funds. Data from the other proprietary fund(s) (Mulligans) are displayed on the proprietary fund financial statements in a separate column identified as a nonmajor fund.

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 *custodial fund* reports resources held by the City for the Metro Fire Testing Consortium (MFTC).

The fiduciary fund financial statements can be found on pages 48-49 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 51 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 115 of this report.

**Other Information** – In addition to the abovementioned 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, 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 123, and the statistical section begins on page 135 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

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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 \$654,159,394 as of June 30, 2023.

By far the largest portion of the City’s net position (65.6 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, 2023**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2023	2022	2023	2022	2023	2022
Current and Other Assets	\$ 223,828,119	\$ 183,480,003	\$ 56,299,822	\$ 54,865,839	\$ 280,127,941	\$ 238,345,842
Net Pension Asset	1,905,894	11,336,151	-	484,953	1,905,894	11,821,104
Capital Assets	346,733,335	347,992,852	150,009,343	146,763,116	496,742,678	494,755,968
<b>Total Assets</b>	<b>572,467,348</b>	<b>542,809,006</b>	<b>206,309,165</b>	<b>202,113,908</b>	<b>778,776,513</b>	<b>744,922,914</b>
Total Deferred Outflows of Resources	6,821,586	4,848,038	420,927	364,522	7,242,513	5,212,560
Long-Term Debt Outstanding	77,146,595	80,118,034	2,636,895	4,928,219	79,783,490	85,046,253
Net Pension Liability	4,206,694	-	197,751	-	4,404,445	-
Other Liabilities	12,279,595	11,383,973	4,613,633	2,894,730	16,893,228	14,278,703
<b>Total Liabilities</b>	<b>93,632,884</b>	<b>91,502,007</b>	<b>7,448,279</b>	<b>7,822,949</b>	<b>101,081,163</b>	<b>99,324,956</b>
Total Deferred Inflows of Resources	30,766,164	43,894,701	12,305	937,497	30,778,469	44,832,198
Net Investment in Capital Assets	282,676,062	279,934,926	146,498,568	141,873,602	429,174,630	421,808,528
Restricted	34,917,143	32,681,920	2,908,193	3,959,104	37,825,336	36,641,024
Unrestricted	137,296,681	99,643,490	49,862,747	47,885,278	187,159,428	147,528,768
<b>Total Net Position</b>	<b>\$ 454,889,886</b>	<b>\$ 412,260,336</b>	<b>\$ 199,269,508</b>	<b>\$ 193,717,984</b>	<b>\$ 654,159,394</b>	<b>\$ 605,978,320</b>

An additional portion of the City's net position (5.8 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of \$187,159,428 is considered unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2023, 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, 2023:

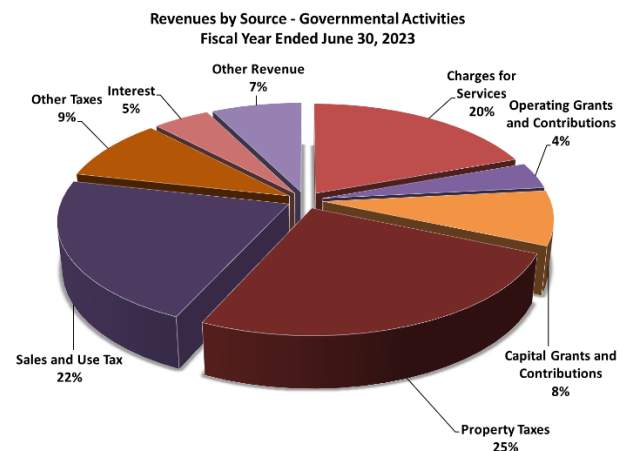
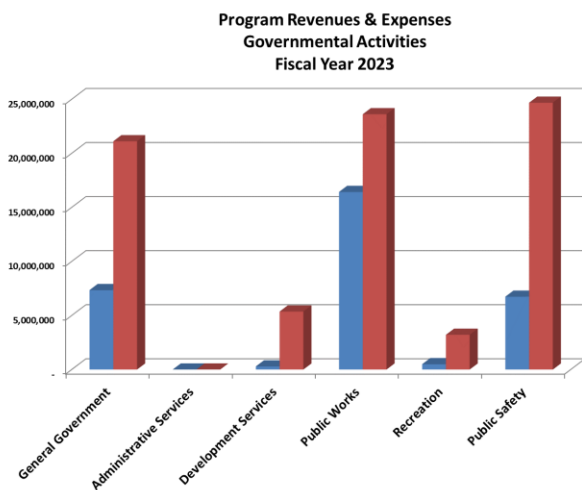
**CITY OF SOUTH JORDAN**  
**Summary of Changes in Net Position**  
For the Period Ended June 30, 2023

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
<b>Revenues</b>						
Program revenues:						
Charges for Services	\$ 20,930,295	\$ 21,082,674	\$ 30,350,188	\$ 30,064,005	\$ 51,280,483	\$ 51,146,679
Operating Grants and Contributions	4,268,508	7,111,492	277,756	87,395	4,546,264	7,198,887
Capital Grants and Contributions	8,781,966	17,271,353	2,259,747	2,900,431	11,041,713	20,171,784
General Revenues:						
Property Taxes	27,273,334	25,626,153	-	-	27,273,334	25,626,153
Sales and Use Tax	23,441,152	22,683,696	-	-	23,441,152	22,683,696
Other Taxes	10,159,621	8,939,725	-	-	10,159,621	8,939,725
Other	13,033,605	(784,718)	1,650,090	(280,192)	14,683,695	(1,064,910)
<b>Total Revenues</b>	<b>107,888,481</b>	<b>101,930,375</b>	<b>34,537,781</b>	<b>32,771,639</b>	<b>142,426,262</b>	<b>134,702,014</b>
<b>Expenses:</b>						
General Government	22,163,294	13,962,223	-	-	22,163,294	13,962,223
Administrative Services	-	5,769,376	-	-	-	5,769,376
Development Services	5,364,271	4,740,376	-	-	5,364,271	4,740,376
Public Works	23,612,585	20,682,764	-	-	23,612,585	20,682,764
Recreation	3,215,199	1,876,415	-	-	3,215,199	1,876,415
Public Safety	24,678,610	19,645,679	-	-	24,678,610	19,645,679
Interest on Long-Term Debt	2,251,146	2,285,736	-	-	2,251,146	2,285,736
Water	-	-	21,756,715	20,880,342	21,756,715	20,880,342
Sanitation	-	-	5,411,796	4,818,012	5,411,796	4,818,012
Mulligans	-	-	1,795,837	1,374,337	1,795,837	1,374,337
<b>Total Expenses</b>	<b>81,285,105</b>	<b>68,962,569</b>	<b>28,964,348</b>	<b>27,072,691</b>	<b>110,249,453</b>	<b>96,035,260</b>
Gain on Sale of Capital Assets	16,004,265	522,459	-	-	16,004,265	522,459
Increase (Decrease) in Net Position Before Transfers	42,607,641	33,490,265	5,573,433	5,698,948	48,181,074	39,189,213
Transfers	21,909	(362,091)	(21,909)	362,091	-	-
<b>Increase in Net Position</b>	<b>42,629,550</b>	<b>33,128,174</b>	<b>5,551,524</b>	<b>6,061,039</b>	<b>48,181,074</b>	<b>39,189,213</b>
Net Position - Beginning	412,260,336	379,132,162	193,717,984	187,656,945	605,978,320	566,789,107
<b>Net Position - Ending</b>	<b>\$ 454,889,886</b>	<b>\$ 412,260,336</b>	<b>\$ 199,269,508</b>	<b>\$ 193,717,984</b>	<b>\$ 654,159,394</b>	<b>\$ 605,978,320</b>

**Governmental Activities** – Governmental activities increased the City's net position by \$42,629,550. Key elements affecting governmental activities net position are as follows:

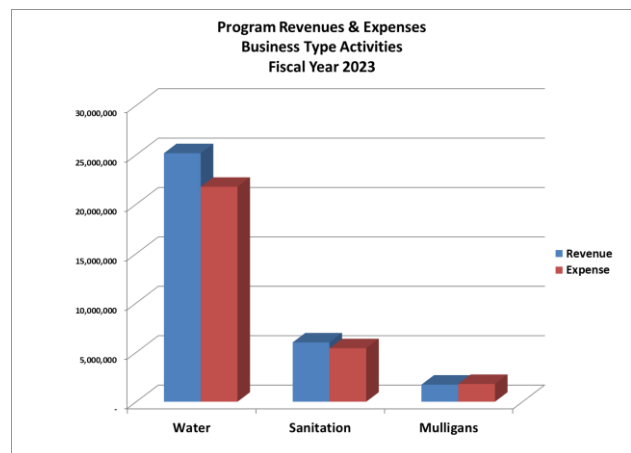
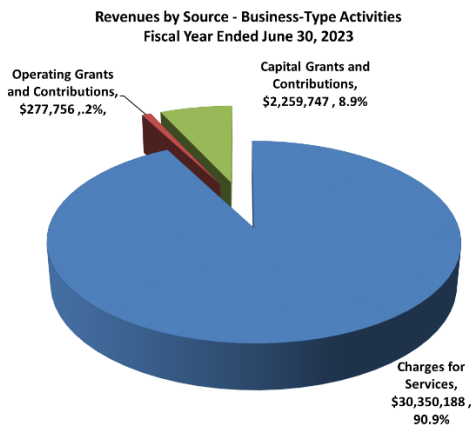
- As of June 30, 2023, the City's governmental activities net position was \$454,889,886, which was an increase of \$42,629,550 over the prior year's net position of \$412,260,336. This is largely attributed to increased revenues from the gain on Sale of Capital Assets (\$16,004,265) mostly from the sale of the City's fitness center, one-time pass through revenue received (\$8,000,000), and increased investment earnings (\$5,818,323).
- In fiscal year 2023, the City's governmental activities expenses increased \$12,322,536 over fiscal year 2022. This increase largely comes from increased salaries and benefits (\$5,421,153) from additional positions and salary increases meant to retain and attract talented workers. The City also experienced increased costs for services, supplies, and maintenance due to inflation and rising consumer prices.

- Total governmental revenues increased by \$5,958,106 over fiscal year 2022. This increase is largely from increased program revenues from a one-time pass-through revenue (\$8,000,000). Operating and Capital grant revenues decreased when compared to fiscal year 2022 largely from decreased federal grants received and decreased donated assets. Tax revenue increased compared to fiscal year 2022 largely from increased property tax revenue (\$1,647,181), sales tax revenue (\$757,456), and energy sales and use tax (\$1,109,027).
- The City’s governmental funds received \$1,047,491 in impact fee revenue during the fiscal year. This is a decrease of \$673,733 compared to fiscal year 2022, which is largely due to slower growth compared to fiscal year 2022 from uncertainty surrounding the current economic and housing environment. Impact fee revenue is not typically spent in the year received, instead it is budgeted for projects in future years.
- During fiscal year 2023, the City’s governmental funds completed \$6,849,405 of capital projects, which includes \$3,543,466 of projects that began in prior years. Projects totaling \$9,163,304 were in progress at year end. The most significant projects completed during the year include \$2,762,591 in road infrastructure for 10550 South, new and replacement equipment purchases (\$1,743,776), and \$476,206 in 2200 West improvements. Donated assets include \$1,746,547 in donated land, \$1,443,005 in donated roads, \$1,505,383 in donated sidewalks, \$730,021 in donated storm drain, \$263,566 in donated curb and gutter, \$119,433 in donated right of ways, and \$510,893 in streetlights.



**Business-Type Activities** – Business-type activities increased the City’s net position by \$5,551,524, which represents a decrease of \$509,515 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2023, the City’s business-type activities completed \$7,627,094 in capital projects and \$6,430,398 of projects were in progress at year end. Notable completed projects are \$4,790,582 in transite pipe replacement, \$358,009 for new equipment purchased for Mulligans, and \$332,077 in new equipment for the Water department. In addition, \$1,819,531 of donated water lines were capitalized during the fiscal year.
- Water fund operating revenues were less than prior year revenues by \$102,197. Cost of service expenses increased by \$364,682 largely from increased personnel costs (\$242,532). Non-operating revenues increased by \$1,997,632 largely from increased interest earnings from rising interest rates (\$1,685,118) and the City receiving a grant for the City’s water reuse facility (\$277,756). The City recorded \$1,819,531 of donated infrastructure (water lines) and \$440,216 of impact fee revenue was received. The City does not typically spend current year impact fee revenue in the year collected. Collections are used for future impact fee eligible projects.
- The sanitation fund experienced an increase in net position of \$752,016. This increase is due to larger than anticipated interest earnings (\$152,162) and an increase in joint venture (\$725,556). Sanitation operating expenses increased by \$616,584 compared to fiscal year 2022. This increase largely comes from increased personnel costs (\$112,043) and rising collection fees (\$529,293) from growth and rising costs.
- Mulligans operating revenues decreased by \$22,208 when compared to the prior fiscal year, while fund operating expenses were \$423,584 higher than the prior year. The increase in expenses is attributed to increased personnel costs (\$186,543) and increased noncapital project costs (\$236,095). The Mulligans fund decreased overall net position by \$25,960 largely from operating expenses exceeding operating and non-operating revenues.



## FUND FINANCIAL ANALYSIS

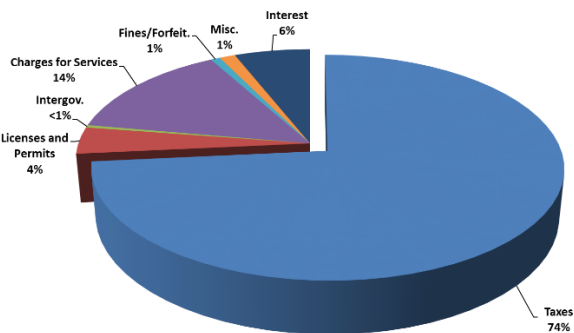
**Governmental Funds** - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a 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 \$146,623,849. This represents an increase of \$24,825,565 from last year’s ending balances. Of the total fund balance, \$18,368,411 (12.5 percent) constitutes *unassigned fund balance* and therefore available for spending at the City’s discretion. *Assigned fund* balance totals \$95,189,816 (64.9 percent), meaning the City intends to use this amount for specific purposes (debt service, redevelopment agency (RDA), capital projects, storm drain projects, fitness center, interfacility ambulance services, and municipal building authority (MBA)). Fund balance of \$33,011,249 (22.5 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 of \$54,373, which is classified as *nonspendable* fund balance.

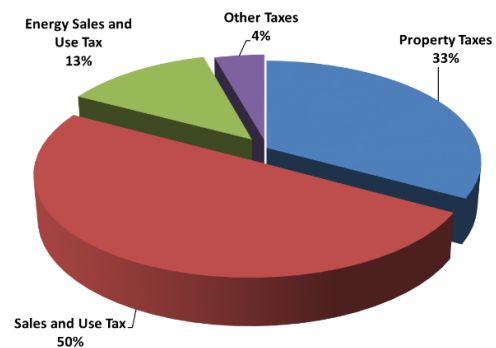
### General Fund

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 \$11,304,056 during the year. This was largely due to increased tax revenue (\$4,137,294) and interest earnings (\$4,306,040) when compared to the prior year. In addition, the City’s expenditures were less than expected, coming in under budget by \$3,600,529. In fiscal year 2023, the City saw increased investment earnings (\$4,306,040), property taxes (\$2,253,806), and energy sales and use taxes (\$1,109,027) compared to fiscal year 2022. The growth in taxes comes from a passed increase in property tax for fiscal year 2023 and a growing population. The City also received larger than anticipated investment earnings, largely from increased interest rates. The City saw decreased ambulance fees charged compared to 2022, largely from the City setting up a special revenue fund for interfacility ambulance service charges, which split out the revenue collected. In addition, the City also saw decreased intergovernmental revenue in the general fund largely from the City receiving the revenue in prior years from the federal government for spending.

Fiscal Year 2023 General Fund Revenue by Source

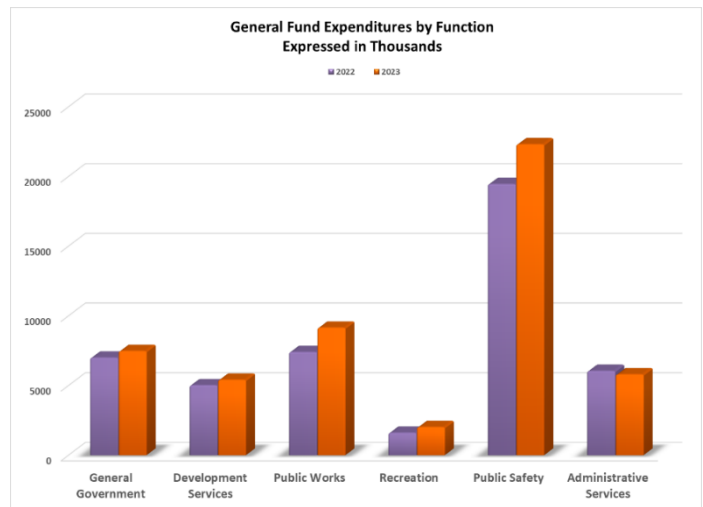


Fiscal Year 2023 General Fund Tax Revenue by Type



The General Fund transferred \$10,413,753 to the other funds during the fiscal year. Of these transfers, approximately \$3,000,000 is considered discretionary. The City Council will authorize uses of those discretionary funds in fiscal year 2024 for future capital projects. Taxes continue to be the largest source of revenue in the General Fund and represent 73.5 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 49.8 percent of total tax revenues and 36.6 percent of total General Fund revenues. This compares with 36.8 percent of total General Fund revenues in the prior fiscal year ended June 30, 2022.

General Fund expenditures increased during fiscal year 2023, going from \$46,864,706 in 2022 to \$52,688,846 in 2023. This increase is largely from increased payroll and benefit expenditures for the City (\$5,024,106). In fiscal year 2023, the following functions saw increased expenditures when compared to the prior fiscal year: general government (\$475,134), recreation programs (\$402,240), development services (\$391,758), public works (\$1,745,797), and public safety (\$2,847,719). In fiscal year 2023, the City provided a 6% cost-of-living adjustment (COLA), a 2% merit increase to eligible employees, and merit eligible sworn employees received a 3% step increase consistent with the City’s step plan. The fire department also received a pay scale adjustment of 10%. These increases were meant to help retain the City’s current staff and help attract top-tier talent. In addition, the City budgeted to add 29 additional full-time employees in fiscal year 2023. The City saw an increase of \$5,024,106 in payroll and benefit expenditures in fiscal year 2023 compared to 2022. This is largely due to the prior year cost-of-living adjustments (COLA), merit increase, additional employees added, and reclassifications of current positions.



*Other Governmental Funds*

Highlights from the City’s other governmental funds show indicators of a growing city and stable local economy. During fiscal year 2023, property tax collections from redevelopment areas decreased by 5.3 percent to a total of \$11,739,950 during the same period. The RDA fund balance increased \$5,750,335 to a total of \$26,566,473. This increase in fund balance is largely attributable to increased investment revenue, decreased tax increment distributions, and decreased general expenses. Decreased tax collections are largely from the completion of a redevelopment area in the prior fiscal year and decrease in commercial property values, especially office buildings, which has been a trend nationally.

Fund balance in the Debt Service Fund increased \$783,573 (26.8 percent) during fiscal year 2023 to \$3,708,779. Total payments for debt service in the Debt Service Fund decreased \$460,617 (6 percent). This decrease was largely due to decreased expenditures for principal and interest payments from the 2016 Special Assessment bond in fiscal year 2023 (\$1,191,903). The City received less special assessment revenue by \$589,935 compared to fiscal year 2022. This reduction is from decreased prepayments from owners within the special assessment area when compared to the prior fiscal year. The remaining fund balance will be used to make future debt service payments and repay the City for costs associated with the 2016 Special Assessment Bond.

Fund balance in the Capital Projects Fund increased \$15,994,635 from \$76,728,240 to \$92,722,875. This increase is largely attributable to the City transferring \$6,924,662 of funds from the General Fund to the Capital Project Funds, of which approximately \$3,000,000 is available to be budgeted by City Council next budget year. In addition, the City issued \$984,000 in notes payable to the UDOT for infrastructure related projects and received a one-time pass through revenue of \$8,000,000. The City's expenditures increased compared to 2022 largely from increased developer reimbursements in fiscal year 2023 (\$235,432). Assigned fund balance increased \$5,979,130 (10.7 percent) to \$61,732,532. This increase is largely attributable to a year end transfer from the General Fund (\$6,924,662) that will be used to fund future capital projects. Of this amount, approximately \$3,000,000 is awaiting official action from the City Council in fiscal year 2024 regarding future use. A total of \$8,823,932 was spent on capital projects during the fiscal year. The City has current equipment and construction commitments of \$19,139,283 relating to Capital Project Fund, which are not expected to affect the fund resources available for future use.

Storm Drain revenue was \$316,330 above expectations during fiscal year 2023 mainly due to increased residential and commercial development and a fee increase that took effect in fiscal year 2023. In addition, Storm Drain expenditures were down \$77,231 compared to budget, but increased \$432,622 compared to fiscal year 2022. This increase was largely due to capital equipment purchased (\$179,197) and increased salary and wages (\$155,122). The Storm Drain Fund had a transfer out of \$2,889,941, of which \$2,887,000 was transferred to the Capital Project Fund for Storm Drain capital projects. These factors led to a decrease in Storm Drain Fund balance of \$1,732,442 (62.8 percent decrease). The remaining fund balance will be used to comply with federal storm water mandates, complete projects started in prior years, and improve the City's storm drain system.

The City created a new fund in fiscal year 2023 for Interfacility Ambulance services. The City received \$2,981,779 in revenues in fiscal year 2023, which was \$781,779 more than budgeted. This increase came from larger than expected need for services and investment earnings. Interfacility expenditures in fiscal year 2023 were \$681,825, which were \$325,878 less than budgeted. The Interfacility Ambulance Fund had a transfer out of \$250,000 to the debt service fund for its portion of debt service payments. The remaining fund balance of \$2,049,954 will be used to purchase and replace additional equipment and expand service offerings.

Fund balance in the Fitness Center Fund stayed the same at \$1,165,726. The remaining fund balance will be used for future recreation capital projects.

Fund balance in the Municipal Building Authority fund increased \$626 during the fiscal year. This is due to investment earnings. The City paid off the 2011 Municipal Building Authority Lease Revenue Bonds in fiscal year 2022. The remaining fund balance will be used for future debt service payments.

**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 \$36,401,462 to \$38,285,162 in the Water Fund, decreased from \$1,342,854 to \$793,460 in the Mulligans Fund, and increased from \$10,140,962 to \$10,784,125 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 2018, a water rate study was completed which determined the current rates and billing structure needed to be updated. In December 2018, the City implemented its new water rate structure, which decreased the base water rates while implementing a new consumption rate structure that encourages conservation.

During fiscal year 2023, a total of \$8,854,094 of capital assets were added (not including \$5,617,260 of work in progress outstanding at fiscal year end). The Water Fund decreased its overall liabilities by \$258,092; most of this comes from decreased noncurrent liabilities from paying its regularly scheduled debt service payments. The City is set to pay off its 2017 Water Revenue and Refunding bond in fiscal year 2024. The Water Fund has current construction commitments of \$6,487,936 relating to Water Fund capital projects. The water fund collected less operating revenue in fiscal year 2023 by \$102,197 largely due to large one time revenues received in fiscal year 2022. Pledged revenues increased in fiscal year 2023 by \$991,344 largely from increased charges for water due to growth. The increase in unrestricted net position for the Water Fund is mainly due to increased investment earnings (\$1,344,896) compared to budget and reimbursement for expenses from a grant (\$277,756). The City also received \$1,819,531 in donated infrastructure and \$440,216 in impact fee revenue in fiscal year 2023. The City does not typically budget or expend impact fee revenue in the year received.

Charges for sanitation are evaluated each year and adjusted based on the cost to contract out waste pickup services and to fund operational and capital purchases. The City contracts with Ace Recycling and Disposal to pickup both garbage and recycling cans on a weekly basis. The City is responsible for providing and replacing garbage and recycling cans. The City increased the charges for regular garbage cans in fiscal year 2023 to keep pace with increased costs to provide this service. No increase in fee was proposed for recycling in fiscal year 2023.

Sanitation unrestricted fund balance increased \$643,163 due to its portion of the Trans-Jordan Landfill's increase in net position (\$725,556) and greater than anticipated investment earnings (\$152,162), largely due to increased interest rates in the fiscal year. The Sanitation fund added \$146,166 in capital assets. Sanitation had \$0 in current constructions commitment related to Sanitation capital projects. The Sanitation fund met the qualifications as a major fund in fiscal year due to funds spent.

Mulligans unrestricted fund balance decreased \$549,394 due to increased cost of operations compared to prior year (\$423,584). During fiscal year 2023, a total of \$358,009 of capital assets were added (not including \$813,138 in work in progress outstanding). Mulligans had \$116,022 in current equipment and project commitments related to Mulligans capital projects.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$55,042,050 to a final budget total of \$56,289,375 (\$1,247,325 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:

- The General Government budget increased by \$162,050. This is largely due to carried over funds from the prior fiscal year for art projects and an impact fee study.
- The Administrative Services budget increased by \$131,975. This is largely due to operational expenditures that were not anticipated in the initial fiscal 2023 budget.
- Public Works budget increased by \$400,000. This is largely due to operational expenditures that were not anticipated in the initial fiscal 2023 budget.
- The Public Safety budget increased by \$533,300. This adjustment is largely from funds carried over from the prior fiscal year for equipment, liquor tax and federal forfeiture funds (\$275,857). In addition, adjustments were made for operational expenditures that were not anticipated in the initial fiscal 2023 budget (\$257,443).

General Fund budgeted revenues were amended from \$57,846,986 to \$58,536,915 (an increase of \$689,929 or 1 percent). Highlights of this increase include:

- Investment earning revenue was increased by \$400,000. This adjustment was to account for increased interest rates that were not anticipated in the initial fiscal 2023 budget.
- Ambulance revenue was increased by \$240,000. This adjustment was to account for increased need for ambulance services that were not anticipated in the initial fiscal 2023 budget.
- Sundry revenue was increased by \$49,929 due to risk revenue received that was not anticipated in the initial fiscal 2023 budget.

During the year, actual revenues were more than budgeted revenues by \$5,455,987. Actual expenditures were less than budgeted expenditures by \$3,600,529. This surplus was combined with reductions in other types of fund balance sources and the amount of \$6,924,662 was transferred to the Capital Projects Fund, of which, approximately \$3,000,000 is discretionary. During fiscal year 2024, 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, 2023, amounts to \$496,742,678 (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 .4 percent (a .4 percent decrease for governmental activities and a 2.2 percent increase for business-type activities).

**CITY OF SOUTH JORDAN**  
**Capital Assets, Net of Depreciation**  
 June 30, 2023

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 100,252,076	\$ 98,505,529	\$ 12,556,043	\$ 12,556,043	\$ 112,808,119	\$ 111,061,572
Water Shares	-	-	18,961,482	18,961,482	18,961,482	18,961,482
Buildings	34,018,530	37,464,573	315,760	364,874	34,334,290	37,829,447
Right-to-Use Building	101,089	158,855	-	-	101,089	158,855
Improvements	184,085,078	184,983,759	107,457,572	106,066,532	291,542,650	291,050,291
Machinery and Equip.	9,985,000	11,293,348	4,273,290	2,226,638	14,258,290	13,519,986
Right-to-Use Equipment	218,925	74,766	14,798	29,597	233,723	104,363
Right-to-Use Subscription	572,944	-	-	-	572,944	-
Const. in Progress	9,163,304	7,295,066	6,430,398	6,557,950	15,593,702	13,853,016
Right of Way	8,336,389	8,216,956	-	-	8,336,389	8,216,956
Total Capital Assets	\$ 346,733,335	\$ 347,992,852	\$ 150,009,343	\$ 146,763,116	\$ 496,742,678	\$ 494,755,968

Major capital asset events during fiscal year 2023 include the following:

- A total of \$8,138,379 in contributed infrastructure assets including \$510,893 in street lights, \$1,443,005 in donated roads, \$263,566 in curb and gutter, \$1,505,383 in sidewalk, \$730,021 in donated storm drain infrastructure, \$1,746,547 in land, \$119,433 in donated right-of-ways and \$1,819,531 in water lines.
- During fiscal year 2023, the City added the following major assets: \$2,762,591 for 10550 South road improvements, \$4,790,582 on water transite pipe replacement, and \$1,875,434 on a new water reuse facility. The City also completed the transfer of its recreation center to Salt Lake County, resulting in a reduction of capital assets by \$2,371,611, net of depreciation.
- During the year, the City spent \$16,303,986 (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. Of this total, \$7,153,970 was spent on projects still in progress at fiscal year end.
- As of June 30, 2023, the City had outstanding construction commitments of \$21,291,021 for unfinished projects and \$5,917,827 for equipment and projects.

Additional information on the City's capital assets can be found in Note 7 on page 75-77 of this report.

**Long-Term Debt** - As of June 30, 2023, the City had a total long-term bonded debt outstanding of \$58,855,000. 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, 2023

	Governmental activities		Business-type activities		Total	
	2023	2022	2023	2022	2023	2022
Special Assessment Debt						
With Governmental Commitment	\$ 17,780	\$ 19,560	\$ -	\$ -	\$ 17,780	\$ 19,560
Revenue Bonds	38,905	41,095	2,170	4,235	41,075	45,330
Total bonded debt	\$ 56,685	\$ 60,655	\$ 2,170	\$ 4,235	\$ 58,855	\$ 64,890

The City’s total bonded debt outstanding decreased \$6,035,000 over the prior fiscal year. This decrease was due to the City making its regularly scheduled debt service payments. The City made \$6,035,000 in principal payments during fiscal year 2023. The City’s overall long-term debt decreased by \$5,638,242 during the fiscal year (8 percent). This decrease is due to the City paying its scheduled principal payments (\$6,622,242). The City did add \$984,000 in notes payable to Utah Department of Transportation (UDOT) for infrastructure. At the end of fiscal year 2023, the City’s total long term debt outstanding (from bonds and notes payables) was \$68,951,758.

The City currently has no general obligation debt. The most recent bond ratings issued for South Jordan include: 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 2016 Special Assessment Bonds with a Standard & Poor’s rating of “AA+”; Series 2017 Sales Tax Revenue Bonds, with a Standard & Poor’s rating of “AAA” and a Fitch rating of “AAA”; the Series 2017 Water Revenue Bonds, with a Standard & Poor’s rating of “AA” and a Fitch rating of “AAA”; the Series 2019 Sales Tax Revenue Bonds, with a Standard & Poor’s rating of “AAA” and a Fitch rating of “AAA”; all of the other remaining sales tax revenue bonds Fitch has rated were assigned “AAA” and assigned an implied “AAA” general obligation rating.

State statute limits the amount of general obligation debt a governmental entity may issue up 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 \$770,146,090, 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. This 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 \$1,540,292,179, which again significantly exceeds the outstanding City-wide debt.

Additional information on the City’s long term-debt can be found in Note 10 on pages 84-89 of this report.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

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- The 2023 unemployment rate for the City of South Jordan was 2.7 percent. This compares with a national unemployment rate of 3.6 percent. The 2022 unemployment rate for the City of South Jordan was 2.4 percent. (Source: Bureau of Labor Statistics.) The increase is below the national unemployment rate.
- General Fund budgeted revenues for the fiscal year ending June 30, 2024 (\$64,450,564) reflects an increase of 10 percent over the final budgeted revenues for the fiscal year ended June 30, 2023 (\$58,536,915). Most of this increase is due to increased budgeted sales tax revenue (\$3,226,704), property tax (\$1,028,563), and \$850,001 in ambulance charges compared to the prior year. The increase in sales tax reflects anticipated growth in the City and State economy.
- The City continues its approach of budgeting conservatively to avoid revenue shortfalls. The City has seen increased sales tax revenue, despite the economic uncertainty from inflation and other factors. The City will continue to monitor revenues, especially sales tax revenues, and make adjustments as needed.
- General Fund expenditures in fiscal year 2024 are budgeted to be \$4,270,617 more than fiscal year 2023. The majority of this increase is due to increased personnel costs from new employees, increased health care premiums, and attempting to remain competitive through merit/cost-of-living adjustments.
- A number of fee schedule changes were approved in the 2024 budget. The most notable changes are increased water usage rates, storm drain fees, and garbage can fees from fee studies. In addition, the City changed its hydrant meter rental program to not charge a monthly administrative fee, but instead to charge it along with the usage rate, which increased the usage rate. Usage deposit and hydrant meter deposit amounts were increased due to rising costs for replacement parts and changes to usage.

## **REQUESTS FOR INFORMATION**

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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.



# **BASIC FINANCIAL STATEMENTS**

## **Government-Wide Financial Statements**

**CITY OF SOUTH JORDAN**  
**Statement of Net Position**  
June 30, 2023

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash, Cash Equivalents, and Investments	\$ 148,381,231	\$ 43,940,806	\$ 192,322,037
Restricted Cash	1,728,318	1,669,628	3,397,946
Receivables	55,664,197	4,127,887	59,792,084
Inventories	54,373	239,689	294,062
Prepays	-	-	-
Investment in Joint Venture	18,000,000	6,321,812	24,321,812
Net Pension Asset	1,905,894	-	1,905,894
<i>Noncurrent Assets:</i>			
Capital Assets Net of Depreciation:			
Land	100,252,076	12,556,043	112,808,119
Water Shares	-	18,961,482	18,961,482
Buildings	34,018,530	315,760	34,334,290
Right-to-Use Building	101,089	-	101,089
Improvements	184,085,078	107,457,572	291,542,650
Machinery and Equipment	9,985,000	4,273,290	14,258,290
Right-to-Use Machinery and Equipment	218,925	14,798	233,723
Right-to-Use Subscription Asset	572,944	-	572,944
Construction in Progress	9,163,304	6,430,398	15,593,702
Right of Way	8,336,389	-	8,336,389
Total Assets	<u>572,467,348</u>	<u>206,309,165</u>	<u>778,776,513</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charge on Refunding	85,607	49,898	135,505
Resources Related to Pensions	6,735,979	371,029	7,107,008
Total Deferred Outflows of Resources	<u>6,821,586</u>	<u>420,927</u>	<u>7,242,513</u>
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable	3,325,020	3,037,425	6,362,445
Other Liabilities	8,182,099	1,558,125	9,740,224
Accrued Interest Payable	772,476	18,083	790,559
Current Portion of Long-Term Obligations	6,904,267	2,589,570	9,493,837
<i>Noncurrent Liabilities:</i>			
Noncurrent Portion of Long-Term Obligations	70,242,328	47,325	70,289,653
Net Pension Liability	4,206,694	197,751	4,404,445
Total Liabilities	<u>93,632,884</u>	<u>7,448,279</u>	<u>101,081,163</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Taxes	29,278,000	-	29,278,000
Deferred Revenue - Leases	1,301,227	-	1,301,227
Resources Related to Pensions	186,937	12,305	199,242
Total Deferred Inflows of Resources	<u>30,766,164</u>	<u>12,305</u>	<u>30,778,469</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	282,676,062	146,498,568	429,174,630
Restricted For:			
Capital Improvements and Equipment	14,024,778	411,952	14,436,730
Transportation	16,965,126	-	16,965,126
Construction	213	-	213
Debt Service	1,728,105	1,669,628	3,397,733
Public Safety	293,027	-	293,027
Pension Assets	1,905,894	-	1,905,894
Water Facility	-	826,613	826,613
Unrestricted	137,296,681	49,862,747	187,159,428
Total Net Position	<u>\$ 454,889,886</u>	<u>\$ 199,269,508</u>	<u>\$ 654,159,394</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, 2023

	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
<b>Functions/Programs:</b>							
<b>Primary Government</b>							
<b>Governmental:</b>							
General Government	\$ 22,163,294	\$ 7,238,298	\$ 111,019	\$ -	\$ (14,813,977)	\$ -	\$ (14,813,977)
Development Services	5,364,271	2,970,197	-	-	(2,394,074)	-	(2,394,074)
Public Works	23,612,585	3,938,361	3,899,187	8,588,328	(7,186,709)	-	(7,186,709)
Recreation	3,215,199	449,576	46,714	-	(2,718,909)	-	(2,718,909)
Public Safety	24,678,610	6,333,863	211,588	193,638	(17,939,521)	-	(17,939,521)
Interest on Long-Term Debt	2,251,146	-	-	-	(2,251,146)	-	(2,251,146)
<b>Total Governmental Activities</b>	<b>\$ 81,285,105</b>	<b>\$ 20,930,295</b>	<b>\$ 4,268,508</b>	<b>\$ 8,781,966</b>	<b>\$ (47,304,336)</b>	<b>\$ -</b>	<b>\$ (47,304,336)</b>
<b>Business-type:</b>							
Water	21,756,715	22,620,952	277,756	2,259,747	-	3,401,740	3,401,740
Sanitation	5,411,796	6,002,322	-	-	-	590,526	590,526
Mulligans	1,795,837	1,726,914	-	-	-	(68,923)	(68,923)
<b>Total Business-Type Activities</b>	<b>28,964,348</b>	<b>30,350,188</b>	<b>277,756</b>	<b>2,259,747</b>	<b>-</b>	<b>3,923,343</b>	<b>3,923,343</b>
<b>Total Primary Government</b>	<b>110,249,453</b>	<b>51,280,483</b>	<b>4,546,264</b>	<b>11,041,713</b>	<b>(47,304,336)</b>	<b>3,923,343</b>	<b>(43,380,993)</b>
<b>General Revenues:</b>							
Property Taxes					27,273,334	-	27,273,334
Sales and Use Tax					23,441,152	-	23,441,152
Energy Sales and Use Tax					6,039,853	-	6,039,853
Other Taxes					4,119,768	-	4,119,768
Intergovernmental Pass-Through					8,000,000	-	8,000,000
Gain on Disposition of Capital Assets					16,004,265	-	16,004,265
Investment Earnings					5,033,605	1,650,090	6,683,695
Transfers					21,909	(21,909)	-
<b>Total General Revenues and Transfers</b>					<b>89,933,886</b>	<b>1,628,181</b>	<b>91,562,067</b>
<b>Change in Net Position</b>					<b>42,629,550</b>	<b>5,551,524</b>	<b>48,181,074</b>
<b>Net Position - Beginning</b>					<b>412,260,336</b>	<b>193,717,984</b>	<b>605,978,320</b>
<b>Net Position - Ending</b>					<b>\$ 454,889,886</b>	<b>\$ 199,269,508</b>	<b>\$ 654,159,394</b>

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

# GOVERNMENTAL FUND FINANCIAL STATEMENTS

## **General Fund**

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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)**

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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**

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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, state road funds, local transportation tax, and interest earnings are the principal sources of funding for these projects.

## **Debt Service Fund**

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

## **Nonmajor Funds**

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Nonmajor governmental funds are presented by fund type beginning on page 124.



**CITY OF SOUTH JORDAN**

**Balance Sheet**

Governmental Funds

June 30, 2023

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash, Cash Equivalents, and Investments	\$ 23,649,245	\$ 26,574,706	\$ 92,352,869	\$ 1,985,400	\$ 3,819,011	\$ 148,381,231
Restricted Cash	-	-	439	1,727,879	-	1,728,318
Receivables	22,445,775	14,265,000	1,355,896	16,732,277	865,249	55,664,197
Inventories	54,373	-	-	-	-	54,373
Due From Other Funds	-	-	-	-	26,109	26,109
Total Assets	<u>\$ 46,149,393</u>	<u>\$ 40,839,706</u>	<u>\$ 93,709,204</u>	<u>\$ 20,445,556</u>	<u>\$ 4,710,369</u>	<u>\$ 205,854,228</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	2,239,448	8,233	986,329	4,500	86,510	3,325,020
Construction Bonds and Refunds	8,182,099	-	-	-	-	8,182,099
Due to Other Funds	-	-	-	-	26,109	26,109
Total Liabilities	<u>10,421,547</u>	<u>8,233</u>	<u>986,329</u>	<u>4,500</u>	<u>112,619</u>	<u>11,533,228</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Ambulance	283,990	-	-	-	-	283,990
Unavailable Revenue - Property Taxes	15,114,657	14,265,000	-	-	-	29,379,657
Unavailable Revenue - Special Assessments	-	-	-	16,732,277	-	16,732,277
Unavailable Revenue - Leases	1,301,227	-	-	-	-	1,301,227
	<u>16,699,874</u>	<u>14,265,000</u>	<u>-</u>	<u>16,732,277</u>	<u>-</u>	<u>47,697,151</u>
<b>FUND BALANCES</b>						
Nonspendable	54,373	-	-	-	-	54,373
Restricted	293,027	-	30,990,343	1,727,879	-	33,011,249
Committed	-	-	-	-	-	-
Assigned	312,161	26,566,473	61,732,532	1,980,900	4,597,750	95,189,816
Unassigned	18,368,411	-	-	-	-	18,368,411
Total Fund Balances	<u>19,027,972</u>	<u>26,566,473</u>	<u>92,722,875</u>	<u>3,708,779</u>	<u>4,597,750</u>	<u>146,623,849</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,149,393</u>	<u>\$ 40,839,706</u>	<u>\$ 93,709,204</u>	<u>\$ 20,445,556</u>	<u>\$ 4,710,369</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.	346,733,335
Other long-term assets and deferred outflows of resources are not available to pay for current expenditures.	37,023,818
Long-term liabilities, including bonds payable and pension liability, are not due and payable in the current period.	(82,040,157)
Deferred inflows and outflows of resources related to pensions are not applicable to the current period.	6,549,041
Net assets of governmental activities	<u>\$ 454,889,886</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, 2023

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 47,029,956	\$ 11,739,950	\$ 2,092,813	\$ -	\$ -	\$ 60,862,719
Licenses and Permits	2,505,814	-	-	-	-	2,505,814
Intergovernmental	236,206	-	12,599,187	-	68,183	12,903,576
Charges for Services	9,076,544	-	-	-	6,111,203	15,187,747
Fines and Forfeitures	477,892	-	-	-	-	477,892
Special Assessments	-	-	-	2,174,604	-	2,174,604
Interest	3,856,428	870,948	241,486	13,125	51,618	5,033,605
Impact Fees	-	-	1,047,491	-	-	1,047,491
Miscellaneous	810,062	-	1,193,092	-	41,114	2,044,268
Total Revenues	<u>63,992,902</u>	<u>12,610,898</u>	<u>17,174,069</u>	<u>2,187,729</u>	<u>6,272,118</u>	<u>102,237,716</u>
<b>EXPENDITURES</b>						
Current						
General Government	7,470,026	471,641	213,084	79,500	-	8,234,251
Administrative Services	5,795,034	-	-	-	-	5,795,034
Development Services	5,407,435	-	-	-	68,183	5,475,618
Public Works	9,145,282	-	2,642,547	-	1,869,694	13,657,523
Recreation	2,007,652	-	79,300	-	-	2,086,952
Public Safety	22,300,798	-	118,800	-	681,825	23,101,423
Tax Increment Distributions	-	3,909,608	-	-	-	3,909,608
Capital Outlay and Projects	462,297	14,049	8,823,932	-	228,037	9,528,315
Developer Reimbursement	-	-	269,142	-	-	269,142
Debt Service						
Principal	98,292	-	35,173	4,557,242	-	4,690,707
Interest and Fees	2,030	-	-	2,645,007	-	2,647,037
Total Expenditures	<u>52,688,846</u>	<u>4,395,298</u>	<u>12,181,978</u>	<u>7,281,749</u>	<u>2,847,739</u>	<u>79,395,610</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>11,304,056</u>	<u>8,215,600</u>	<u>4,992,091</u>	<u>(5,094,020)</u>	<u>3,424,379</u>	<u>22,842,106</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease Financing	182,289	-	-	-	-	182,289
Subscription Financing	-	-	605,934	-	-	605,934
Issuance of Loan	-	-	984,000	-	-	984,000
Sale of Capital Assets	116,377	-	39,250	-	33,700	189,327
Transfers In	789,915	-	11,080,612	5,877,593	-	17,748,120
Transfers Out	(10,413,753)	(2,465,265)	(1,707,252)	-	(3,139,941)	(17,726,211)
Total Other Financing Sources (Uses)	<u>(9,325,172)</u>	<u>(2,465,265)</u>	<u>11,002,544</u>	<u>5,877,593</u>	<u>(3,106,241)</u>	<u>1,983,459</u>
Net Change in Fund Balances	1,978,884	5,750,335	15,994,635	783,573	318,138	24,825,565
Fund Balances - July 1	17,049,088	20,816,138	76,728,240	2,925,206	4,279,612	121,798,284
Fund Balances - June 30	<u>\$ 19,027,972</u>	<u>\$ 26,566,473</u>	<u>\$ 92,722,875</u>	<u>\$ 3,708,779</u>	<u>\$ 4,597,750</u>	<u>\$ 146,623,849</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, 2023

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

Net Change in Fund Balance - Total Governmental Funds	\$ 24,825,565
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.	(4,851,000)
The net effect of various miscellaneous transactions involving capital assets (i.e. , sales, trade-ins, and donations) is to increase net position.	18,441,266
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(1,173,404)
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.	2,442,524
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.	3,278,716
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>(334,117)</u>
Change in net position of governmental activities	<u><u>\$ 42,629,550</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.

### Sanitation Fund

The Sanitation Fund is used to account for the activities of the City's sanitation and recycling operations.

## NONMAJOR FUNDS

### Nonmajor Funds

The City has one nonmajor proprietary fund, which is used to account for the activities of Mulligans.



**CITY OF SOUTH JORDAN**  
**Statement of Net Position**  
Proprietary Funds  
June 30, 2023

	Major Funds		Nonmajor Fund	Total
	Water Fund	Sanitation Fund	Mulligans Fund	
<b>ASSETS</b>				
<i>Current Assets:</i>				
Cash, Cash Equivalents, and Investments	\$ 38,796,634	\$ 4,248,443	\$ 895,729	\$ 43,940,806
Accounts Receivable Net of Allowance	3,526,274	598,533	3,080	4,127,887
Inventories	219,331	-	20,358	239,689
Total Current Assets	42,542,239	4,846,976	919,167	48,308,382
<i>Noncurrent Assets:</i>				
Restricted Cash	1,669,628	-	-	1,669,628
Net Pension Asset	-	-	-	-
Investment in Landfill	-	6,321,812	-	6,321,812
<i>Capital Assets</i>				
Land	2,599,425	-	9,956,618	12,556,043
Water Shares	18,961,482	-	-	18,961,482
Buildings and Structures	645,864	-	716,389	1,362,253
Improvements - Other than Buildings	175,097,801	-	1,066,473	176,164,274
Machinery and Equipment	5,341,161	2,283,203	931,059	8,555,423
Right-to-Use Machinery and Equipment	39,092	-	-	39,092
Construction in Progress	5,617,260	-	813,138	6,430,398
Less Accumulated Depreciation	(71,337,198)	(1,310,460)	(1,411,964)	(74,059,622)
Capital Assets (Net of Accum Depreciation)	136,964,887	972,743	12,071,713	150,009,343
Total Noncurrent Assets	138,634,515	7,294,555	12,071,713	158,000,783
Total Assets	181,176,754	12,141,531	12,990,880	206,309,165
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred Charge on Refunding	49,898	-	-	49,898
Resources Related to Pensions	273,494	51,055	46,480	371,029
Total Deferred Outflows of Resources	323,392	51,055	46,480	420,927
<b>LIABILITIES</b>				
<i>Current Liabilities:</i>				
Accounts Payable	2,596,323	357,018	84,084	3,037,425
Accrued Liabilities	300,063	9,275	35,826	345,164
Accrued Interest Payable	18,083	-	-	18,083
Unearned Revenue	826,613	-	-	826,613
Retainage Payable	249,011	-	-	249,011
Developer and Resident Deposits	137,337	-	-	137,337
Compensated Absences	104,978	26,096	25,375	156,449
Bonds and Leases Payable	2,433,121	-	-	2,433,121
Total Current Liabilities	6,665,529	392,389	145,285	7,203,203
<i>Noncurrent Liabilities:</i>				
Compensated Absences	32,329	10,682	4,314	47,325
Bonds and Leases Payable	-	-	-	-
Net Pension Liability	144,906	31,516	21,329	197,751
Total Noncurrent Liabilities	177,235	42,198	25,643	245,076
Total Liabilities	6,842,764	434,587	170,928	7,448,279
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Resources Related to Pensions	9,915	1,131	1,259	12,305
<b>NET POSITION</b>				
Net Investment in Capital Assets	133,454,112	972,743	12,071,713	146,498,568
<i>Restricted for:</i>				
Capital Improvements	411,952	-	-	411,952
Water Facility	826,613	-	-	826,613
Debt Service	1,669,628	-	-	1,669,628
Unrestricted	38,285,162	10,784,125	793,460	49,862,747
Total Net Position	\$ 174,647,467	\$ 11,756,868	\$ 12,865,173	\$ 199,269,508

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, 2023

	Major Funds		Nonmajor Fund	Total
	Water Fund	Sanitation Fund	Mulligans Fund	
<b>OPERATING REVENUES</b>				
Charges for Services				
Operations	\$ 580,634	\$ 5,272,153	\$ 1,723,105	\$ 7,575,892
Pledged as Security for Revenue Bonds	22,037,676	-	-	22,037,676
Miscellaneous	2,642	4,613	3,809	11,064
Total Operating Revenues	<u>22,620,952</u>	<u>5,276,766</u>	<u>1,726,914</u>	<u>29,624,632</u>
<b>OPERATING EXPENSES</b>				
Costs of Services	12,947,740	4,661,990	1,627,942	19,237,672
General and Administrative	2,980,367	652,874	26,493	3,659,734
Depreciation	5,846,502	119,732	148,045	6,114,279
Total Operating Expenses	<u>21,774,609</u>	<u>5,434,596</u>	<u>1,802,480</u>	<u>29,011,685</u>
Operating Income	<u>846,343</u>	<u>(157,830)</u>	<u>(75,566)</u>	<u>612,947</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>				
Increase in Joint Venture	-	725,556	-	725,556
Interest	1,444,896	161,762	43,432	1,650,090
Intergovernmental - Grants	277,756	-	-	277,756
Gain (Loss) on Sale and Disposal of Capital Assets	(35,742)	22,800	6,643	(6,299)
Interest and Fees	53,636	-	-	53,636
Total Non-Operating Revenue (Expenses)	<u>1,740,546</u>	<u>910,118</u>	<u>50,075</u>	<u>2,700,739</u>
Income Before Contributions and Transfers	<u>2,586,889</u>	<u>752,288</u>	<u>(25,491)</u>	<u>3,313,686</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>				
Capital Contributions, Impact Fees and Other	2,259,747	-	-	2,259,747
Transfers In	-	-	-	-
Transfers Out	(21,168)	(272)	(469)	(21,909)
Total Contributions and Transfers	<u>2,238,579</u>	<u>(272)</u>	<u>(469)</u>	<u>2,237,838</u>
Change in Net Position	4,825,468	752,016	(25,960)	5,551,524
Net Position - Beginning	169,821,999	11,004,852	12,891,133	193,717,984
Net Position - Ending	<u>\$ 174,647,467</u>	<u>\$ 11,756,868</u>	<u>\$ 12,865,173</u>	<u>\$ 199,269,508</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, 2023

	Major Funds		Nonmajor Fund	Totals
	Water Fund	Sanitation Fund	Mulligans Fund	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from Customers and Users	\$ 22,603,245	\$ 5,239,659	\$ 1,732,971	\$ 29,575,875
Payments to Suppliers	(9,907,804)	(4,309,871)	(848,362)	(15,066,037)
Interfund Services	(2,980,367)	(652,874)	(41,813)	(3,675,054)
Payments to Employees	(2,244,755)	(507,663)	(819,297)	(3,571,715)
Net Cash Provided by Operating Activities	7,470,319	(230,749)	23,499	7,263,069
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Noncapital Grants	1,068,000	-	-	1,068,000
Transfers In	-	-	-	-
Transfers Out	(21,168)	(272)	(469)	(21,909)
Net Cash Provided (Used) by Noncapital Financing Activities	1,046,832	(272)	(469)	1,046,091
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Impact Fees	440,216	-	-	440,216
Purchase of Capital Assets	(6,660,905)	(228,585)	(650,859)	(7,540,349)
Principal Paid on Capital Debt	(2,080,080)	-	-	(2,080,080)
Interest Paid on Capital Debt	(153,700)	-	-	(153,700)
Proceeds From Sale of Capital Assets	-	22,800	6,643	29,443
Net Cash Used by Capital and Related Financing Activities	(8,454,469)	(205,785)	(644,216)	(9,304,470)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>				
Interest Income	1,444,896	161,762	43,432	1,650,090
Net Increase (Decrease) in Cash and Cash Equivalents	1,507,578	(275,044)	(577,754)	654,780
Cash and Cash Equivalents - Beginning of Year	38,958,684	4,523,487	1,473,483	44,955,654
Cash and Cash Equivalents - End of Year	\$ 40,466,262	\$ 4,248,443	\$ 895,729	\$ 45,610,434
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>				
Operating Income	\$ 846,343	\$ (157,830)	\$ (75,566)	\$ 612,947
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	5,846,502	119,732	148,045	6,114,279
(Increase) Decrease in Receivables	86,350	(35,688)	(945)	49,717
(Increase) Decrease in Inventory	(104,233)	-	868	(103,365)
(Increase) Decrease in Net Pension Asset	360,895	78,967	45,091	484,953
(Increase) Decrease in Deferred Outflows Related to Pensions	(77,161)	(18,126)	(15,551)	(110,838)
Increase (Decrease) in Accounts Payable	1,108,133	(162,434)	(15,655)	930,044
Increase (Decrease) in Accrued Liabilities	(16,597)	(7,815)	426	(23,986)
Increase (Decrease) in Accrued Vacation and Sick Leave	20,703	5,947	10,109	36,759
Increase (Decrease) in Net Pension Liability	144,906	31,516	21,329	197,751
Increase (Decrease) in Deferred Inflows Related to Pensions	(745,522)	(85,018)	(94,652)	(925,192)
Total Adjustments	6,623,976	(72,919)	99,065	6,650,122
Net Cash Provided by Operating Activities	\$ 7,470,319	\$ (230,749)	\$ 23,499	\$ 7,263,069
Noncash Investing, Capital, and Financing Activities:				
Contributions of Capital Assets From Developers	\$ 1,819,531	\$ -	\$ -	\$ 1,819,531
Increase in Equity Investment in Trans-Jordan Landfill	-	725,556	-	725,556

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

## FIDUCIARY FUNDS

### **MFTC Fund**

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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, 2023

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	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash, Cash Equivalents, and Investments	\$ 16,357
Prepaid Items	-
Total Assets	<u>\$ 16,357</u>
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	-
Due to Metro Fire Testing Consortium	-
Total Liabilities	<u>\$ -</u>
<b>NET POSITION</b>	
Restricted for:	
Individuals, organizations, and other governments	16,357
Total Net Position	<u>\$ 16,357</u>

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

## Statement of Changes in Fiduciary Net Position

Metro Fire Testing Consortium (MFTC) Fund

For the Year Ended June 30, 2023

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	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Contributions:	
Members	\$ -
Total Contributions	<u>-</u>
Investment Earnings:	
Interest, dividends, and other	566
Net increase (decrease) in fair value of investments	24
Total Investment Earnings	<u>590</u>
Total Additions	<u>590</u>
<b>DEDUCTIONS</b>	
Payments made to vendors	-
Total Deductions	<u>-</u>
Net increase (decrease) in fiduciary net position	<u>590</u>
Net Position - Beginning	<u>15,767</u>
Net Position - Ending	<u><u>\$ 16,357</u></u>

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

**Notes to the Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of South Jordan's (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 Annual Comprehensive Financial Report 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 (MBA) 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](http://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 funds:

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

The *Sanitation Fund* accounts for the activities of the City's sanitation and recycling 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 *Custodial Fund* accounts for fire employment testing fees collected and expended for the Metro Fire Testing Consortium (MFTC). Custodial funds use the economic resources measurement focus.

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 \$37,825,336 reported as restricted net position in the statement of net position, \$23,244,181 is restricted due to enabling legislation (\$22,005,616 for governmental activities and \$1,238,565 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 \$10,000 (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.

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	3-10
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 assets 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 assets 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, ambulance charges, and leases, 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, up to the max allowed to carryover, 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 1<sup>st</sup>. Taxes are levied on all business personal property on January 1<sup>st</sup>, and real estate and improvement taxes are levied on January 1<sup>st</sup> and are payable by November 30<sup>th</sup>. 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 30<sup>th</sup> 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. Lease Payables**

The City implemented GASB Statement No. 87, Lease, in fiscal year 2022. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The lease liability or receivable is the present value of the payments that will be made to the lessor over the lease term.

**10. Subscription Payables**

The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription activities. This statement establishes a single model for subscription accounting based on the principle that subscriptions are financing of the right to use an underlying asset. Under this Statement, an organization is required to recognize a subscription liability and an intangible right-to-use subscription asset.

**11. 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.

**12. 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 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 2023, this amount is \$3,222,528.

**CITY OF SOUTH JORDAN**  
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Below is fund balance detail for each category of fund balances in the governmental funds:

<b>FUND BALANCES</b>	<b>General</b>	<b>RDA</b>	<b>Capital Projects</b>	<b>Debt Service</b>	<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Nonspendable</b>						
Inventory	\$ 54,373	\$ -	\$ -	\$ -	\$ -	\$ 54,373
<b>Restricted</b>						
Debt Service	-	-	226	1,727,879	-	1,728,105
Construction	-	-	213	-	-	213
Impact Fees	-	-	6,024,778	-	-	6,024,778
Public Safety Forfeiture/State Grants	37,576	-	-	-	-	37,576
Liquor Allotment	255,451	-	-	-	-	255,451
B & C Road Funds	-	-	2,818,492	-	-	2,818,492
County Road Funds	-	-	4,869,319	-	-	4,869,319
Parking Infrastructure	-	-	8,000,000	-	-	8,000,000
UDOT Loans	-	-	9,277,315	-	-	9,277,315
<b>Committed</b>						
<b>Assigned</b>						
Debt Service	-	-	-	1,980,900	-	1,980,900
RDA	-	26,566,473	-	-	-	26,566,473
Capital Projects	-	-	61,732,532	-	-	61,732,532
Storm Drain Projects	-	-	-	-	1,027,386	1,027,386
Fitness Center	-	-	-	-	1,165,726	1,165,726
Interfacility Projects	-	-	-	-	2,049,954	2,049,954
Arts Council Master Plan	6,702	-	-	-	-	6,702
Fire Equipment	20,375	-	-	-	-	20,375
Business License Study	17,240	-	-	-	-	17,240
Art Council Donation	62,694	-	-	-	-	62,694
Training	5,150	-	-	-	-	5,150
Dowdle Art Project	200,000	-	-	-	-	200,000
MBA	-	-	-	-	354,684	354,684
<b>Unassigned</b>	<b>18,368,411</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>18,368,411</b>
<b>Total Fund Balances</b>	<b>\$ 19,027,972</b>	<b>\$ 26,566,473</b>	<b>\$ 92,722,875</b>	<b>\$ 3,708,779</b>	<b>\$ 4,597,750</b>	<b>\$ 146,623,849</b>

**13. Use of Estimates**

Presenting financial statements in conformity with Generally Accepted Accounting Principles (GAAP) requires management to make certain estimates concerning assets, liabilities, revenues, and expenses. Actual results may vary from these estimates.

**14. 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	\$ 520,067,911
Cost of right-to-use assets	496,273
Cost of subscription based assets	605,934
Accumulated depreciation	<u>( 174,436,783)</u>
 Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	 <u>\$ 346,733,335</u>

**CITY OF SOUTH JORDAN**  
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*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	\$ 56,685,000
Deferred refunding bond reacquisition costs (to be amortized over life of original debt)	( 85,607)
Bond premium (to be amortized to interest income)	5,908,287
Notes payable	10,096,758
Lease payables	318,258
Subscription payable	570,761
Accrued interest payable	772,476
Compensated absences	3,311,276
Claims and judgments	256,254
Net Pension Liability	<u>4,206,694</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 82,040,157</u>

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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*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	\$ 16,732,277
Net pension asset	1,905,894
Investment in joint assets	18,000,000
Ambulance revenue	283,990
Delinquent property taxes	<u>101,657</u>

Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 37,023,818</u>
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*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, 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	\$ 6,735,979
Deferred inflows related to pensions	<u>( 186,938)</u>

Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 6,549,041</u>
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**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	\$8,726,043
Depreciation expense	( 14,236,163)
Leases	182,289
Subscription-based assets	605,934
Amortization expense	<u>( 129,103)</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><u>\$( 4,851,000)</u></u>

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 <i>gain</i> 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.	\$ 12,122,418
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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.	<u>6,318,848</u>
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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><u>\$ 18,441,266</u></u>
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**CITY OF SOUTH JORDAN**  
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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	\$( 1,468,782)
Ambulance revenue	283,990
Delinquent property taxes	<u>11,388</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>1,173,404</u> )
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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	(\$ 2,410,968)
Benefit expense	4,360,743
Nonemployer contributions (fire premium tax or court fees)	<u>492,749</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>\$ 2,442,524</u>
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**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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Another element of that reconciliation states that “The issuance of long-term debt (e.g., bonds and 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. In addition, 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:

2023 UDOT note payable	\$( 984,000)
Lease payable	( 182,289)
Subscription payable	( 605,934)
Deferred refunding costs amortization	<u>( 49,138)</u>
Total debt incurred	<u>\$( 1,821,361)</u>

Principal payments:

Sales tax bonds	2,190,000
2016 Special assessment bonds	1,780,000
Notes payables	587,242
Lease payables	98,292
Subscription payables	35,173
Claims and judgements	( 13,362)
Bond premium amortization	<u>422,732</u>
Total principal payments	<u>\$ 5,100,077</u>

Net adjustments to increase *net changes in fund balances – total governmental funds* to arrive at *changes in net position of governmental activities*

\$ 3,278,716

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	(\$ 356,414)
Accrued interest	<u>22,297</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><u>\$ ( 334,117)</u></u>

**(The Remainder of This Page Intentionally Left Blank)**

**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 custodial 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.
- C. On or before June 30<sup>th</sup>, a final balanced budget must be adopted through passage of a resolution for the subsequent fiscal year beginning July 1<sup>st</sup>.
- 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, 2023, the City’s cash balance consisted of the following:

	<u>Total Cash from All Fund Types</u>
Cash	\$ 2,107,680
Cash Equivalents and Investments	<u>193,628,659</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 195,736,339</u>

While the City’s carrying amount of deposits was \$195,736,339, the balance in the City’s bank account and cash on hand was \$195,811,101, with the difference being due to outstanding checks and deposits in transit.

**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, 2023, the deposits are as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2023</u>
Checking	Insured	\$ 8,056
Investment Sweep	Insured	241,944
Investment Sweep	Uninsured and	
	Uncollateralized	<u>1,946,226</u>
Total Deposits		<u>\$ 2,196,226</u>

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June 30, 2023

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, except to adhere to the Utah Money Management Act. All investments other than bank deposits or funds invested in the state treasurer’s fund are held by a third party with securities delivered on delivery vs. purchase basis. The entire \$193,614,875 of the City’s various investments are uninsured, uncollateralized, and held by the counterparty’s trust department or agency in the City’s name.

**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, as defined in the act; 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 rated 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 Securities and Exchange Commission (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, 2023:

<u>Investments</u>	<u>Investment Maturities (in Years)</u>				<u>Quality Ratings</u>
	<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>	
Currency/Cash (Receivable/Payable)	\$ 8,505	\$ -	\$ -	\$ -	AAA
Collateralized Money Market	193,619	-	-	-	Unrated
Utah Public Treasurer’s Investment Fund	161,474,542	-	-	-	Unrated
US Government or US Agencies	987,221	11,228,973	-	-	AAA
Certified Deposits (CD)	1,530,070	10,374,713	-	-	Unrated
Corporate Notes	2,214,399	5,602,833	-	-	A- to AA+
<b>Total Investments</b>	<b>\$ 166,408,356</b>	<b>\$ 27,206,519</b>	<b>\$ -</b>	<b>\$ -</b>	

**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 on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations is between 270 days to 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 five years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding three years. Maturities of the City's investments are noted above. The City's policy is to adhere to the Money Management Act.

**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, 2023, the City of South Jordan does not hold more than 5 percent in any single security concentration other than U.S. Government treasuries and agencies and the Utah Public Treasurers Investment Fund in its portfolios. 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, 2023, the City had the following recurring fair value measurements:

- Money market, collateralized money market, US Government and US Agencies totaling \$12,418,318 valued using quoted market prices (Level 1 inputs).
- Utah Public Treasurer’s Investment Fund totaling \$161,474,542 valued using the application of the June 30, 2023 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 \$19,722,015 valued using quoted prices for similar securities in active markets (Level 2 inputs).

	As of 6/30/2023	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Investments by fair value level</b>				
<b>Debt Securities</b>				
U.S. Treasuries	\$ 4,468,954	\$ 4,468,954	\$ -	\$ -
U.S. Agencies	7,747,240	7,747,240	-	-
Corporate Bonds	7,817,232	-	7,817,232	-
Negotiable Certificates of Deposit	11,904,783	-	11,904,783	-
Money Market Mutual Funds	193,619	193,619	-	-
Currency	8,505	8,505	-	-
Utah Public Treasurers' Investment Fund	161,474,542	-	161,474,542	-
<b>Total Debt Securities</b>	<b>193,614,875</b>	<b>12,418,318</b>	<b>181,196,557</b>	<b>-</b>
<b>Equity Securities</b>				
Common and Preferred Stock	-	-	-	-
Other	-	-	-	-
Equity Mutual Funds	-	-	-	-
<b>Total Equity Securities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other</b>				
Donated Assets (Real Estate)	-	-	-	-
<b>Total Investments by Fair Value Level</b>	<b>193,614,875</b>	<b>\$ 12,418,318</b>	<b>\$ 181,196,557</b>	<b>-</b>
<b>Investments Measured at Net Asset Value (NAV)</b>				
Real Estate Funds	-	-	-	-
Venture Capital Funds	-	-	-	-
Global Investment Funds	-	-	-	-
Private Equity Partnerships	-	-	-	-
<b>Total Investments Measured at NAV</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Investments Measured at Fair Value</b>	<b>\$ 193,614,875</b>			

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2023

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**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:

	<u>General</u>	<u>RDA</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Water</u>	<u>Nonmajor Enterprise</u>	<u>Total</u>
<b>Receivables:</b>								
Accounts	\$ 970,459	\$ -	\$ -	\$ -	\$ 826,399	\$3,539,325	\$ 603,157	\$ 5,939,340
Property Tax	15,275,522	14,265,000	-	-	-	-	-	29,540,522
Other Taxes	4,799,984	-	1,325,575	-	-	-	-	6,125,559
Intergovernmental	11,130	-	30,321	-	39,794	-	-	81,245
Special								
Assessments	-	-	-	16,732,277	-	-	-	16,732,277
Leases	1,388,680	-	-	-	-	-	-	1,388,680
Less: Allowance for Uncollectible Accounts	-	-	-	-	(944)	(13,051)	(1,544)	(15,539)
	<u>\$22,445,775</u>	<u>\$14,265,000</u>	<u>\$ 1,355,896</u>	<u>\$16,732,277</u>	<u>\$ 865,249</u>	<u>\$3,526,274</u>	<u>\$ 601,613</u>	<u>\$59,792,084</u>

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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	
<b>Transfer In:</b>							
General	\$ -	\$ 282,065	\$ -	\$ 500,000	\$ 2,941	\$ 4,909	\$ 789,915
Capital Projects	7,976,612	200,000	-	-	2,887,000	17,000	11,080,612
Debt Service	2,437,141	1,983,200	-	1,207,252	250,000	-	5,877,593
Business Type	-	-	-	-	-	-	-
Nonmajor Govtl.	-	-	-	-	-	-	-
<b>Total Transfer Out</b>	<b><u>\$10,413,753</u></b>	<b><u>\$2,465,265</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,707,252</u></b>	<b><u>\$3,139,941</u></b>	<b><u>\$ 21,909</u></b>	<b><u>\$17,748,120</u></b>

The City transferred monies between funds to support debt service payments in the Debt Service Fund. In addition, the City transferred monies to support related capital expenditures in the Capital Projects Fund and risk management charges in the General Fund. The City also transferred \$500,000 from the Capital Projects Fund to pay for expenditures incurred in the General Fund related to C Road Funds.

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

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 98,505,529	\$ 1,746,547	\$ -	\$ 100,252,076
Land Right of Way	8,216,956	119,433	-	8,336,389
Construction in Progress	7,295,066	5,420,104	3,551,866	9,163,304
Total capital assets not being depreciated	<u>114,017,551</u>	<u>7,286,084</u>	<u>3,551,866</u>	<u>117,751,769</u>
Capital assets being depreciated/amortized:				
Buildings	56,215,348	-	8,640,242	47,575,106
Right-to-Use Building	216,620	-	-	216,620
Improvements	319,031,746	9,558,497	878,795	327,711,448
Machinery and Equipment	27,213,102	1,743,776	1,927,290	27,029,588
Right-to-Use Machine and Equipment	133,057	182,289	35,693	279,653
Right-to-Use Subscription Asset	-	605,934	-	605,934
Total capital assets being depreciated/amortized	<u>402,809,873</u>	<u>12,090,496</u>	<u>11,482,020</u>	<u>403,418,349</u>
Less accumulated depreciation/amortization for:				
Buildings	18,808,540	1,628,754	6,765,187	13,672,107
Improvements	134,047,987	9,971,735	393,352	143,626,370
Machinery and Equipment	15,978,045	2,764,561	1,604,300	17,138,306
Total accumulated depreciation/amortization	<u>168,834,572</u>	<u>14,365,051</u>	<u>8,762,839</u>	<u>174,436,783</u>
Total capital assets, being depreciated/amortized, net	<u>233,975,301</u>	<u>(2,274,554)</u>	<u>2,719,181</u>	<u>228,981,566</u>
Governmental activities capital assets, net	<u>\$ 347,992,852</u>	<u>\$ 5,011,530</u>	<u>\$ 6,271,047</u>	<u>\$ 346,733,335</u>
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 12,556,043	\$ -	\$ -	\$ 12,556,043
Construction in Progress	6,557,950	1,733,866	1,861,418	6,430,398
Water Shares	18,961,482	-	-	18,961,482
Total capital assets not being depreciated	<u>38,075,475</u>	<u>1,733,866</u>	<u>1,861,418</u>	<u>37,947,923</u>
Capital assets being depreciated/amortized:				
Buildings	1,362,253	-	-	1,362,253
Improvements	169,439,289	6,724,985	-	176,164,274
Machinery and Equipment	6,087,625	2,800,043	332,245	8,555,423
Right-to-Use Machinery and Equipment	39,092	-	-	39,092
Total capital assets being depreciated/amortized	<u>176,928,259</u>	<u>9,525,028</u>	<u>332,245</u>	<u>186,121,042</u>
Less accumulated depreciation/amortization for:				
Buildings	997,379	49,114	-	1,046,493
Improvements	63,372,757	5,333,945	-	68,706,702
Machinery and Equipment	3,870,482	731,219	295,274	4,306,427
Total accumulated depreciation	<u>68,240,618</u>	<u>6,114,278</u>	<u>295,274</u>	<u>74,059,622</u>
Total capital assets, being depreciated/amortized, net	<u>108,687,641</u>	<u>3,410,750</u>	<u>36,971</u>	<u>112,061,420</u>
Business-type activities capital assets, net	<u>\$ 146,763,116</u>	<u>\$ 5,144,616</u>	<u>\$ 1,898,389</u>	<u>\$ 150,009,343</u>

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

Governmental Activities:	
General Government	\$ 1,123,750
Development Services	53,029
Public Works	10,514,719
Public Safety	2,064,365
Recreation	480,300
Total Depreciation Expense - Governmental Activities	<u>\$ 14,236,163</u>
Business-Type Activities:	
Water	5,831,703
Mulligans	148,045
Sanitation	119,732
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,099,480</u>
Total Depreciation Expense	<u><u>\$ 20,335,643</u></u>

Amortization expense from right-to-use lease and subscription-based assets were charged to the functions/programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 71,609
Public Safety	32,990
Public Works	24,289
Total Amortized Expense - Governmental Activities	<u>\$ 128,888</u>
Business-Type Activities:	
Water	14,798
Total Amortized Expense - Business-Type Activities	<u>\$ 14,798</u>
Total Amortization Expense	<u><u>\$ 143,686</u></u>

**Construction Commitments**

The City has various construction projects as of June 30, 2023, with commitments to contractors as follows:

<b>Fund</b>	<b>Remianing Commitment</b>
General Fund	\$ -
Capital Projects	14,803,085
Nonmajor Governmental Projects (aggregate)	-
Water Fund	6,487,936
Nonmajor Enterprise Projects (aggregate)	-
<b>Total</b>	<b>\$ 21,291,021</b>

The City has various other equipment and projects as of June 30, 2023, with commitments to contractors as follows:

<b>Fund</b>	<b>Remianing Commitment</b>
General Fund	\$ 1,465,607
Capital Projects	4,336,198
Nonmajor Governmental Projects (aggregate)	-
Water Fund	-
Nonmajor Enterprise Projects (aggregate)	116,022
<b>Total</b>	<b>\$ 5,917,827</b>

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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The City’s Redevelopment Agency (RDA) has also entered into several Infrastructure Reimbursement agreements associated with the South Station and Commerce Park Project Areas. These agreements do commit available tax increment collected from the project to reimburse specific developers for public infrastructure constructed and land purchases for civic and public facilities (including educational facilities). This commitment is contingent upon work being completed, verified, and tax increment from the Project Areas being available for reimbursement. In addition, the agreement limits the City’s total eligible amount under both agreements.

The City’s Redevelopment Agency (RDA) currently has the following amount eligible for reimbursement as of June 30, 2023:

<b>Public Infrastructure</b>	
South Station	\$ 5,890,812
Commerce Park	16,523,380
<b>Land Purchases</b>	
Total Potential Land	13,400,000
<b>Total Commitment</b>	<u><u>\$ 35,814,192</u></u>

**NOTE 8 – LEASES**

**Lease Payables -**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

The following leases were included in the governmental fund:

On July 1, 2021, the City of South Jordan entered into a 45 month lease as a Lessee for the use of the City's Annex Building. An initial lease liability was recorded in the amount of \$216,620. As of June 30, 2023, the value of the lease liability is \$104,809. The City is required to make monthly fixed payments of \$4,657. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023 is \$216,620 with accumulated amortization of \$115,531.

On September 1, 2021, the City of South Jordan entered into a 60 month lease as a Lessee for the use of a copier. An initial lease liability was recorded in the amount of \$18,430. As of June 30, 2023, the value of the lease liability is \$11,785. The City is required to make monthly fixed payments of \$316. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023 is \$18,430 with accumulated amortization of \$6,758.

On July 1, 2021, the City of South Jordan entered into a 31 month lease as a Lessee for the use of a backhoe loader. An initial lease liability was recorded in the amount of \$25,297. As of June 30, 2023, the value of the lease liability is \$0. The City is required to make annual fixed payments of \$12,755. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of June 30, 2023 is \$25,297 with accumulated amortization of \$19,092.

On July 1, 2021, the City of South Jordan entered into a 13 month lease as Lessee for the use of copiers. An initial lease liability was recorded in the amount of \$35,693. As of June 30, 2023, the value of the lease liability is \$0. The City is required to make monthly fixed payments of \$0. The lease has an interest rate of 0.3870%. The value of the right-to-use asset as of June 30, 2023 is \$0. The City entered into a new contract and the equipment was returned to the lessor.

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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On July 1, 2021, the City of South Jordan entered into a 47 month lease as a Lessee for the use of a postage meter machine. An initial lease liability was recorded in the amount of \$6,645. As of June 30, 2023, the value of the lease liability is \$3,351. The City is required to make quarterly fixed payments of \$423. The lease has an interest rate of 0.8930%. The value of the right-to-use asset as of June 30, 2023 is \$6,645 with accumulated amortization of \$3,357.

On July 1, 2021, the City of South Jordan entered into a 33 month lease as a Lessee for the use of postage meter machine. An initial lease liability was recorded in the amount of \$5,052. As of June 30, 2023, the value of the lease liability is \$1,386. The City is required to make quarterly fixed payments of \$464. The lease has an interest rate of 0.7270%. The value of the right-to-use asset as of June 30, 2023 is \$5,052 with accumulated amortization of \$3,659.

On July 1, 2021, the City of South Jordan entered into a 57 month lease as a Lessee for the use of postage meter equipment. An initial lease liability was recorded in the amount of \$4,097. As of June 30, 2023, the value of the lease liability is \$2,395. The City is required to make quarterly fixed payments of \$221. The lease has an interest rate of 1.0590%. The value of the right-to-use asset as of June 30, 2023 is \$4,097 with accumulated amortization of \$1,725.

On December 7, 2021, the City of South Jordan entered into a 30 month lease as a Lessee for the use of a backhoe loader. An initial lease liability was recorded in the amount of \$37,842. As of June 30, 2023, the value of the lease liability is \$15,117. The City is required to make annual fixed payments of \$15,250. The lease has an interest rate of 0.8770%. The value of the right-to-use asset as of June 30, 2023 is \$37,842 with accumulated amortization of \$23,098.

On June 1, 2023, the City of South Jordan entered into a 60 month lease as a Lessee for the use of city copiers. An initial lease liability was recorded in the amount of \$182,289. As of June 30, 2023, the value of the lease liability is \$179,415. The City is required to make monthly fixed payments of \$3,214. The lease has an interest rate of 2.2300%. The value of the right-to-use asset as of June 30, 2023 is \$182,289 with accumulated amortization of \$3,038.

The following lease was included as part of the enterprise fund:

On November 10, 2021, the City of South Jordan entered into a 31 month lease as a Lessee for the use of a backhoe loader in the water department. An initial lease liability was recorded in the amount of \$39,092. As of June 30, 2023, the value of the lease liability is \$15,117. The City is required to make annual fixed payments of \$15,250. The lease has an interest rate of 0.8770%. The value of the right-to-use asset as of June 30, 2023 is \$39,092 with accumulated amortization of \$24,294.

**Lease Assets**

(By Major Classes of Underlying Assets)  
As of Fiscal Year End 2023

<b>Asset Class</b>	<b>Lease Asset Value</b>	<b>Accumulated Amortization</b>
<b>Buildings</b>	\$ 216,620	\$ 115,531
<b>Equipment</b>	318,745	85,022
<b>Total</b>	<u><u>\$ 535,365</u></u>	<u><u>\$ 200,552</u></u>

**Lease Payables**

<b>Fiscal Year</b>	<b>Governmental</b>		<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2024	\$ 116,812	\$ 4,632	\$ 15,117	\$ 133
2025	87,604	3,119	-	-
2026	40,925	2,086	-	-
2027	37,960	1,233	-	-
2028	34,957	390	-	-
<b>Total</b>	<u><u>\$ 318,258</u></u>	<u><u>\$ 11,461</u></u>	<u><u>\$ 15,117</u></u>	<u><u>\$ 133</u></u>

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**CITY OF SOUTH JORDAN**  
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**Lease Receivables -**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of information about governments' leasing activities. This statement establishes a single model for lease accounting based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On July 1, 2021, the City of South Jordan entered into a 252 month lease as a Lessor for the use of City land for a cell tower with Crown Castle International. An initial lease receivable was recorded in the amount of \$1,118,911. As of June 30, 2023, the value of the lease receivable is \$1,067,531. The lessee is required to make annual fixed payments of \$51,417. The lease has an interest rate of 2.3980%. The value of the deferred inflow of resources as of June 30, 2023 was \$1,012,348, and the City recognized lease revenue of \$53,281 during the fiscal year. The lessee has four extension option(s), each for 60 months.

On July 1, 2021, the City of South Jordan entered into a 27 month lease as Lessor for the use of City land for a cell tower with Verizon Wireless. An initial lease receivable was recorded in the amount of \$135,623. The lease was extended in fiscal year 2023 for four years, extending the lease for an additional 60 months. As of June 30, 2023, the value of the lease receivable is \$321,149. The lessee is required to make annual fixed payments of \$43,927. The lease has an interest rate of 2.4190%. The value of the deferred inflow of resources as of June 30, 2023 was \$288,879. The lessee has three extension option(s), each for 60 months. As of year ended June 30, 2023, the City did not plan on extending this lease.

**Lease Receivables**

<b>Fiscal Year</b>	<b>Governmental</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 76,191	\$ 27,714
2025	76,972	31,531
2026	83,652	29,676
2027	90,732	27,659
2028	98,234	25,472
2029 - 2033	303,211	98,571
2034 - 2038	324,771	64,434
2039 - 2043	334,917	20,628
Total	<b>\$ 1,388,680</b>	<b>\$ 325,685</b>

**NOTE 9 – SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS (SBITA)**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, subscription-based information technology arrangements (SBITA). The primary objective of this statement is to enhance the relevance and consistency of information about governments' subscription-based technology activities. This statement establishes a single model for accounting based on the principle that subscription-based information technology arrangements are financings of the right-to-use an underlying asset. Under this Statement, the government is required to recognize a subscription liability and an intangible right-to-use subscription asset, and a SBITA vendor is required to recognize a lease receivable and a deferred inflow of resources. For additional information, refer to the disclosures below.

On December 15, 2022, the City of South Jordan entered into a 120 month subscription for the use of Axon Software for public safety equipment. An initial subscription was recorded in the amount of \$605,934. As of the June 30, 2023, the value of the subscription liability is \$570,762. The City of South Jordan is required to make annual fixed payments. The amount paid in fiscal year 2023 was \$35,173 and the amount due in fiscal year 2024 is \$80,897. The subscription has an interest rate of 3.309%. The value of the right-to-use asset as of June 30, 2023 is \$605,934 with accumulated amortization of \$32,990. The City does have one extension option for an additional 60 months, which the City is not currently reasonably certain to exercise.

**Subscription-Based Assets**

(By Major Classes of Underlying Assets)

As of Fiscal Year End 2023

<b>Asset Class</b>	<b>Lease Asset Value</b>	<b>Accumulated Amortization</b>
Software	605,934	32,990
<b>Total</b>	<b>\$ 605,934</b>	<b>\$ 32,990</b>

**Subscription Payables**

<b>Fiscal Year</b>	<b>Governmental</b>	
	<b>Principal</b>	<b>Interest</b>
2024	\$ 62,010	\$ 18,887
2025	56,588	16,835
2026	58,461	14,962
2027	60,395	13,028
2028	62,393	11,029
2029-2033	270,914	22,776
<b>Total</b>	<b>\$ 570,761</b>	<b>\$ 97,517</b>

**NOTE 10 - LONG-TERM DEBT**

Bonds and notes payable at June 30, 2023, are comprised of the following:

Revenue Bonds:

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 may become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 8,845,000

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 states, in the event of default, outstanding amounts may become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 17,515,000

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 states, in the event of default, outstanding amounts may become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 2,170,000

2019 Sales Tax Revenue Refunding Bonds:

\$15,130,000 Water Revenue and Refunding Bonds due in annual principal and semi-annual interest payments through August 2039 – 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 may become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 12,545,000

**CITY OF SOUTH JORDAN**  
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Fiscal Year	Revenue Bonds			
	Governmental		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 2,075,000	\$ 1,769,625	\$ 2,170,000	\$ 54,250
2025	2,180,000	1,664,250	-	-
2026	2,295,000	1,553,500	-	-
2027	2,410,000	1,437,000	-	-
2027	2,395,000	1,326,925	-	-
2028-2032	12,515,000	4,805,350	-	-
2032-2036	10,230,000	2,400,125	-	-
2037-2041	4,805,000	242,125	-	-
<b>Total</b>	<b>\$ 38,905,000</b>	<b>\$ 15,198,900</b>	<b>\$ 2,170,000</b>	<b>\$ 54,250</b>

**Pledged Sources of Revenue Bonds:**

The City has pledged sales tax revenue for the 2015 RDA Subordinate Sales Tax and Tax Increment Bonds, 2017 Sales Tax Revenue Refunding Bonds, and 2019 Sales Tax Revenue Refunding Bonds. The remaining principal and interest payments total \$54,103,900. For the current year, principal and interest paid and total pledged sales tax revenues were \$4,065,375 and \$23,441,152, respectively. It is estimated that annual principal and interest payments on the bonds will require 16 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 2017 Water Revenue and Refunding Bonds. The remaining principal and interest payments total \$2,224,250. For the current year, principal and interest paid and pledged water revenues were \$2,214,800 and \$22,037,676 respectively. It is estimated that annual principal and interest payments on the bonds will require 10 percent of pledged revenues.

The City has also pledged RDA tax increment revenue for the 2015 RDA Subordinate Sales Tax and Tax Increment Bonds. The remaining principal and interest payments total \$10,862,400. For the current year, principal and interest paid and pledged revenues were \$1,218,200 and \$1,713,264 respectively. It is estimated that annual principal and interest payments on the bonds will require 84 percent of pledged revenues.

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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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 may become immediately due if the City is unable to make payment. The City expects to make all payments. \$ 17,780,000

<u>Fiscal Year</u>	<b>Special Assessment Bond</b>		
	<b>Governmental</b>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 1,015,000	\$ 564,244	\$ 1,579,244
2025	1,055,000	527,919	1,582,919
2026	1,085,000	495,969	1,580,969
2027	1,105,000	473,378	1,578,378
2028	1,145,000	438,738	1,583,738
2029-2033	6,425,000	1,482,387	7,907,387
2034-2038	5,950,000	378,906	6,328,906
<b>Total</b>	<b>\$ 17,780,000</b>	<b>\$ 4,361,541</b>	<b>\$ 22,141,541</b>

**CITY OF SOUTH JORDAN**  
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Notes Payable:

In fiscal year 2023, the City incurred a \$256,254 note payable to the Utah Risk Management Association (URMA). This payable is a result of insurance claims against the City. The additions reflect new insurance claims. The deductions represent payments made to URMA. This note bears no interest. The City has formally declared its intent to leave URMA. The City will owe half of the note payable in fiscal year 2024.

In fiscal year 2022, the City received a \$9.7 million Utah State Infrastructure Bank loan from the Utah Department of Transportation (UDOT). The proceeds of the loan will be used to finance transportation infrastructure projects within the City. The loan was issued with a 1.69% interest rate and a 15-year term. The loan is backed by general and sales tax funds. As of June 30, 2023 the amount of principal outstanding is \$9,112,758.

In fiscal year 2023, the City received a \$984,000 Utah State Infrastructure Bank loan from the Utah Department of Transportation (UDOT). The proceeds of the loan will be used to finance transportation infrastructure projects within the City. The loan was issued with a 2.95% interest rate and a 10-year term. The loan is backed by general and sales tax funds.

<b>Utah State Infrastructure Bank Notes Payable</b>			
<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 669,538	\$ 183,034	\$ 852,572
2026	681,937	170,634	852,571
2026	694,578	157,994	852,572
2027	707,466	145,106	852,572
2028	720,604	131,967	852,571
2029-2033	3,809,290	453,569	4,262,859
2034-2037	2,813,345	119,428	2,932,773
<b>Total</b>	<b><u>\$ 10,096,758</u></b>	<b><u>\$ 1,361,732</u></b>	<b><u>\$ 11,458,490</u></b>

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All Notes and Bonds Payable:

The future annual requirements for all outstanding bond and note obligations as of June 30, 2023, are as follows:

<b>Fiscal Year</b>	<b>All Bonds and Notes</b>		
	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2024	\$ 5,929,538	\$ 2,571,153	\$ 8,500,691
2025	3,916,937	2,362,804	6,279,741
2026	4,074,578	2,207,463	6,282,041
2027	4,222,465	2,055,485	6,277,950
2028	4,260,604	1,897,630	6,158,234
2029-2033	22,749,290	6,741,307	29,490,597
2034-2038	18,993,344	2,898,459	21,891,803
2039-2041	4,805,000	242,123	5,047,123
<b>Total</b>	<b>\$ 68,951,758</b>	<b>\$ 20,976,424</b>	<b>\$ 89,928,182</b>

During fiscal year 2020, the City issued \$15,130,000 of Sales Tax Revenue and Refunding Bonds to provide resources to build a new fire station, police substation and administration building and other related improvements and refinance the 2008 Sales Tax Revenue Bond. As a result, \$3,390,000 of the principal was removed from the governmental activities column of the statement of net position. The outstanding bond principal of \$3,390,000 was retired in fiscal year 2020. The transaction resulted in an increase in future debt service payments of \$11,740,000 and resulted in an economic gain of \$192,925.

**CITY OF SOUTH JORDAN**  
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**Changes in Long-Term Debt**

	<u>July 1</u> <u>2022</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30</u> <u>2023</u>	<u>Due in</u> <u>One Year</u>
<b>Governmental Activities:</b>					
Bonds Payable:					
2015 RDA Subordinate Sales Tax and Tax Increment Bonds	\$ 9,620,000	\$ -	\$ 775,000	\$ 8,845,000	\$ 810,000
2016 Special Assessment Bonds	19,560,000	-	1,780,000	17,780,000	1,015,000
2017 Sales Tax Revenue Refunding Bonds	18,250,000	-	735,000	17,515,000	770,000
2019 Sales Tax Revenue Refunding Bonds	13,225,000	-	680,000	12,545,000	495,000
Unamortized Bond Premium	<u>6,331,019</u>	<u>-</u>	<u>422,732</u>	<u>5,908,287</u>	<u>422,732</u>
Total Bonds Payable	66,986,019	-	4,392,732	62,593,287	3,512,732
Notes Payable	9,700,000	984,000	587,242	10,096,758	669,538
Leases Payable	234,261	182,289	98,292	318,258	121,444
Subscriptions Payable	-	605,934	35,173	570,761	80,897
Compensated Absences	2,954,862	411,822	55,408	3,311,276	2,472,426
Claims and Judgments	<u>242,892</u>	<u>83,909</u>	<u>70,547</u>	<u>256,254</u>	<u>128,127</u>
Total Governmental Long-Term Obligations	<u>80,118,034</u>	<u>2,267,954</u>	<u>5,239,394</u>	<u>77,146,594</u>	<u>6,904,267</u>
<b>Business-Type Activities:</b>					
Bonds Payable:					
2017 Water Revenue and Refunding Bonds	4,235,000	-	2,065,000	2,170,000	2,170,000
Unamortized Bond Premium	496,007	-	248,003	248,004	248,004
Total Bonds Payable	<u>4,731,007</u>	<u>-</u>	<u>2,313,003</u>	<u>2,418,004</u>	<u>2,418,004</u>
Compensated Absences	167,015	58,022	21,263	203,774	156,449
Leases Payable	<u>30,197</u>	<u>-</u>	<u>15,080</u>	<u>15,117</u>	<u>15,117</u>
Total Business-Type Long-Term Obligations	<u>4,928,219</u>	<u>58,022</u>	<u>2,349,346</u>	<u>2,636,895</u>	<u>2,589,570</u>
<b>Total Government-Wide Long-Term Obligations</b>	<u><b>\$ 85,046,253</b></u>	<u><b>\$ 2,325,976</b></u>	<u><b>\$ 7,588,740</b></u>	<u><b>\$ 79,783,489</b></u>	<u><b>\$ 9,493,837</b></u>

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**NOTE 11 - 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).
- Firefighters Retirement System (Firefighters System) is a multiple employer, cost sharing, retirement systems.
- The Public Safety Retirement System (Public Safety System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) are both multiple employer, cost sharing, public employee 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 Utah State Retirement 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/general/puplications](http://www.urs.org/general/puplications).

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

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Benefits Provided. URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

**Summary of Benefits by System**

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or Age Eligible for Benefit</b>	<b>Benefit Percent per Year of Service</b>	<b>COLA**</b>
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%
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% or 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, 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, Age 60* 10 Years, Age 62* 4 Years, Age 65	1.5% Per Year to June 30, 2020 2.0% Per Year July 1, 2020 to Present	Up to 2.5%

\* Actuarial reductions are applied.

\*\*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**  
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Contribution Rate Summary

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 as of June 30, 2023 are as follows:

	Employee	Employer	Employer Rate for 401(k) Plan
<b>Contributory System</b>			
11 – Local Government Division Tier 1	6.00%	13.96%	N/A
111 – Local Government Division Tier 2	N/A	16.01%	0.18%
<b>Noncontributory System</b>			
15 – Local Government Division Tier 1	N/A	17.97%	N/A
<b>Public Safety Retirement System</b>			
<b>Noncontributory</b>			
43 – Other Division A with 2.5% COLA	N/A	34.04%	N/A
<b>Contributory</b>			
122 – Tier 2 DB Hybrid Public Safety	2.59%	25.83%	N/A
<b>Firefighters Retirement System</b>			
31 – Other Division A	15.05%	3.61%	N/A
132 – Tier 2 DB Hybrid Firefighters	2.59%	14.08%	N/A
<b>Tier 2 DC Only</b>			
211 – Local Government	N/A	6.19%	10.00%
222 – Public Safety	N/A	11.83%	14.00%
232 – Firefighters	N/A	0.08%	14.00%

\*\*\*Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier I plans.

**CITY OF SOUTH JORDAN**  
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For fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>		<b>Employee Contributions</b>	
Noncontributory System	\$	1,791,419		N/A
Public Safety System		625,717		-
Firefighters System		101,323		422,414
Tier 2 Public Employees System		1,036,286		-
Tier 2 Public Safety and Firefighter		1,227,541		156,515
Tier 2 DC Only System		66,408		N/A
Tier 2 DC Public Safety and Firefighter System		37,622		N/A
<b>Total Contributions</b>	\$	<b>4,886,316</b>	\$	<b>578,929</b>

Contributions 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.

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**CITY OF SOUTH JORDAN**  
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Combined Pension Assets, Liabilities, Expense, and Deferred Outflows and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, the City reported a net pension asset of \$1,905,894 and a net pension liability of \$4,404,444:

	<u>(Measurement Date): December 31, 2022</u>				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share December 31, 2021</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 1,865,953	1.0894493%	1.0721251%	0.0173242%
Contributory System	-	-	0%	0%	0%
Public Safety System	-	2,106,708	1.6292235%	1.6108354%	0.0183881%
Firefighters System	1,905,894	-	7.3387121%	7.1784427%	0.1602694%
Tier 2 Public Employees System	-	286,276	0.2629057%	0.2456592%	0.0172465%
Tier 2 Public Safety and Firefighter System	-	145,507	1.7441811%	1.6252455%	0.1189356%
	<u>\$ 1,905,894</u>	<u>\$ 4,404,444</u>			

The net pension asset and liability were measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022, 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, 2023, the combined City recognized a pension expense of 2,087,882.

At June 30, 2023, the combined City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,145,417	\$ 69,352
Changes in assumptions	784,163	22,753
Net difference between projected and actual earnings on pension plan investments	2,495,400	-
Changes in proportion and differences between contributions and proportionate share of contributions	193,319	107,137
Contributions subsequent to the measurement date	2,488,708	-
	<u>\$ 7,107,007</u>	<u>\$ 199,242</u>

**CITY OF SOUTH JORDAN**  
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A total of \$2,488,708 was reported as deferred outflows of resources related to pensions results from contributions made by the combined city prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2023	\$ (629,077)
2024	180,378
2025	1,120,927
2026	3,546,933
2027	33,554
Thereafter	166,340

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**CITY OF SOUTH JORDAN**  
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Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the City recognized pension expense of \$916,085.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 632,904	\$ -
Changes in assumptions	305,805	7,451
Net difference between projected and actual earnings on pension plan investments	1,230,801	-
Changes in proportion and differences between contributions and proportionate share of contributions	41,673	768
Contributions subsequent to the measurement date	895,531	-
	<u>\$ 3,106,714</u>	<u>\$ 8,219</u>

A total of \$895,531 was 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, 2022. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2023	\$ (245,009)
2024	63,468
2025	494,365
2026	1,890,139
2027	-
Thereafter	-

**CITY OF SOUTH JORDAN**  
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Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2023, the City recognized pension expense of \$533,230.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 9,327	\$ -
Changes in assumptions	56,503	-
Net difference between projected and actual earnings on pension plan investments	488,303	-
Changes in proportion and differences between contributions and proportionate share of contributions	16,123	34,214
Contributions subsequent to the measurement date	305,171	-
	<u>\$ 875,427</u>	<u>\$ 34,214</u>

A total of \$305,171 was 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, 2022. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2023	\$ (378,365)
2024	(85,651)
2025	203,557
2026	796,502
2027	-
Thereafter	-

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
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Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2023, the City recognized pension expense of (\$541,707).

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 336,301	\$ 9,742
Changes in assumptions	236,893	-
Net difference between projected and actual earnings on pension plan investments	509,909	-
Changes in proportion and differences between contributions and proportionate share of contributions	49,312	39,254
Contributions subsequent to the measurement date	49,934	-
	<u>\$ 1,182,349</u>	<u>\$ 48,996</u>

A total of \$49,934 was 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, 2022. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2023	\$ (35,740)
2024	138,455
2025	320,934
2026	659,769
2027	-
Thereafter	-

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2023

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Tier 2 Public Employees System Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2023, the City recognized pension expense of \$548,745.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 96,694	\$ 11,358
Changes in assumptions	92,939	728
Net difference between projected and actual earnings on pension plan investments	115,417	-
Changes in proportion and differences between contributions and proportionate share of contributions	49,730	12,579
Contributions subsequent to the measurement date	585,118	-
	<u>\$ 939,898</u>	<u>\$ 24,665</u>

A total of \$585,118 was 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, 2023. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31</u>	<u>Deferred Outflows (Inflows) of Resources</u>
2022	\$ 16,351
2023	34,536
2024	54,917
2025	104,108
2026	24,591
Thereafter	95,612

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2023

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Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2023, the City recognized pension expense of \$631,530.

At June 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 70,191	\$ 48,252
Changes in assumptions	92,023	14,574
Net difference between projected and actual earnings on pension plan investments	150,970	-
Changes in proportion and differences between contributions and proportionate share of contributions	36,480	20,322
Contributions subsequent to the measurement date	652,954	-
	<u>\$ 1,002,618</u>	<u>\$ 83,148</u>

A total of \$652,954 was 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, 2022. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended December 31</b>	<b>Deferred Outflows (Inflows) of Resources</b>
2022	\$ 13,686
2023	29,570
2024	47,153
2025	96,414
2026	8,963
Thereafter	70,729

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2023

Actuarial Assumptions. The total pension liability in the December 31, 2022, 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 – 9.25 percent, average, including inflation
- Investment Rate of Return 6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from an actual experience study dated January 1, 2020. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 80 percent of the ultimate rates from the MP-2019 improvement assumption using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2022, valuations were based on an experience study of the demographic assumption as of January 1, 2020, and a review of economic assumptions as of January 1, 2021.

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:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity Securities	35.00%	6.58%	2.30%
Debt Securities	20.00%	1.08%	0.22%
Real Assets	18.00%	5.72%	1.03%
Private Equity	12.00%	9.80%	1.18%
Absolute Return	15.00%	2.91%	0.44%
Cash and Cash Equivalent:	0.00%	-0.11%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>5.17%</b>
	Inflation		2.50%
	Expected Arithmetic Nominal Return		7.67%

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2023

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The 6.85 percent assumed investment rate of return is comprised of an inflation rate of 2.50 percent and a real return of 4.35 percent that is net of investment expense.

*Discount Rate:* The discount rate used to measure the total pension liability was 6.85 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.

*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 6.85 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 (5.85 percent) or 1 percentage point higher (7.85 percent) than the current rate:

<b>System</b>	<b>1% Decrease or 5.85%</b>	<b>Discount Rate of 6.85%</b>	<b>1% Increase or 7.85%</b>
Noncontributory System	\$ 11,759,861	\$ 1,865,953	\$ (6,400,928)
Public Safety System	6,784,664	2,106,708	(1,697,573)
Firefighters System	1,519,035	(1,905,894)	(4,685,325)
Tier 2 Public Employees System	1,250,871	286,276	(456,821)
Tier 2 Public Safety and Firefighter System	1,164,744	145,507	(664,543)
<b>Total</b>	<b>\$ 22,479,175</b>	<b>\$ 2,498,550</b>	<b>\$ (13,905,190)</b>

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 12 - 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.

The City's Redevelopment Agency (RDA) has entered into an agreement to reimburse eBay Inc., for 50 percent of point-of-sale revenues generated by taxable sales and municipal energy sales and use tax in the Project Area through tax year 2020. The City has entered into an agreement to reimburse the RDA for this amount. Additional information and notes are found in Note 16 on tax abatements. The company is required to submit written notice and supporting documentation to the City to be reimbursed, which they have not done since fiscal year 2015. It is estimated the City will owe approximately \$885,000 upon fulfillment of the agreement.

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**NOTE 13 - 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 Agency (URMA), a public entity risk pool. The Agency 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. URMA 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 four fiscal years.

**SUBSEQUENT EVENT**

The City ended its membership with Utah Risk Management Agency (URMA) and decided to increase the City's risk resilience and responsibility by becoming self-insured on July 1, 2023.

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**NOTE 14 – REDEVELOPMENT AGENCY**

The Redevelopment Agency of the City of South Jordan is established to further public purposes in the redevelopment of certain City areas. For the year ended June 30, 2023, the following activity occurred in the City’s Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$11,739,950
Tax increment distributions	3,909,608
Outstanding loans to finance RDA projects	8,845,000
Amounts expended for installation of capital improvements, other public improvements, and housing donations	14,049
Amounts expended for administrative costs	471,641

Additional information or inquires can be obtained by writing to the below address:

City of South Jordan Redevelopment Agency  
1600 West Towne Center Drive  
South Jordan City, Utah 84095

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**NOTE 15 - EQUITY IN JOINT VENTURE**

**14.1 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, 2023, these percentages are as follows:

<u>Participating Cities</u>	<u>Fees and Charges for Ten Preceding Years</u>	<u>Percent</u>
Draper City	\$ 2,939,199	10.41%
Midvale City	1,468,214	5.20%
Murray City	2,205,714	7.81%
Riverton City	3,169,955	11.22%
Sandy City	7,836,388	27.75%
South Jordan City	4,583,821	16.23%
West Jordan City	6,039,359	21.38%
	<u>\$ 28,242,650</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, 2023

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**C. Financial Summary**

	<u>Trans-Jordan Cities</u>	<u>South Jordan City's Share</u>
Total Assets	\$ 63,492,494	\$ 10,304,832
Total Deferred Outflows of Resources	621,888	100,933
Total Liabilities	24,883,427	4,038,580
Total Deferred Inflows of Resources	279,555	45,372
Total Net Position	<u>\$ 38,951,400</u>	<u>\$ 6,321,812</u>
Total Operating Revenues	\$ 12,437,218	\$ 2,018,560
Total Operating Expenses	<u>(10,132,328)</u>	<u>(1,644,477)</u>
Net Operating Income	2,304,890	374,084
Total Non-Operating Income (Expense)	<u>978,845</u>	<u>158,867</u>
Change in Net Position	<u>\$ 3,283,735</u>	<u>\$ 532,950</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>\$ 4,095,841</u>	<u>\$ 664,755</u>

**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

#### **14.2 Bingham Creek Regional Park Authority**

The City of South Jordan has 50 percent ownership in a newly created Bingham Creek Regional Park Authority, a joint venture established in 2020 by interlocal agreement with Salt Lake County. The newly created Bingham Creek Regional Park will include approximately 160 acres of land. The City's investment in the Bingham Creek Regional Park Authority to date is estimated to be \$18,000,000, which has been included in the governmental activity as an investment in joint ventures in the government-wide statement of net position.

The Bingham Creek Regional Park is governed by a Board of Trustees consisting of seven appointed members. Both the City and County will each appoint one member who is a merit employee from their Department of Parks and Recreation and Division of Parks and Recreation, respectively. All members of the Board must be mutually agreed upon and appointed by both the City and County. The City and County will each be responsible to fund 50 percent of the maintenance/operation budget of the Park Authority.

For the first ten years following the operational effective date of the park, Salt Lake County will be responsible for daily management, operation and maintenance of the park. After ten years, if both parties agree, the Park Authority may solicit proposals for another entity to operate and maintain the park. During the initial ten years, the county will be responsible for preparing the proposed annual maintenance and operation budget for the regional park, which will be submitted and approved by the Park Authority. The fiscal year end for the Park Authority is December 31, 2023 and financial statements should be issued within 6 months of that date.

Revenues to maintain and operate the park are generated from equal contributions from South Jordan City and Salt Lake County. Contributions from the City totaled \$17,848,095 during the year ended June 30, 2023. \$17,550,000 of those contributions is for consideration in completing the transfer of the City's fitness center to the County. Additional information about this entity and financial statements for the Bingham Regional Creek Park Authority may be obtained from the Bingham Creek Regional Park Authority.

Bingham Creek Regional Park Authority  
1600 W Towne Center Dr.  
South Jordan, UT 84095  
(801) 446-4357

**NOTE 16 – TAX ABATEMENT AGREEMENTS**

Utah State law (see Utah Code Ann. 17C-1-409) allows cities to abate taxes for a variety of economic development purposes. The City of South Jordan reports its Redevelopment Agency (RDA) as a blended component unit. The City of South Jordan RDA has authority to negotiate tax abatement agreements on an individual basis. As of June 30, 2023, the City's RDA currently manages eight (8) project areas and at times enters into agreements with developers that result in a GASB 77 disclosure requirement for tax abatements and forgone revenue. The City's RDA has tax abatement agreements with four participants where specific action, which contributes to economic development, must be taken by the entity receiving the abatement.

1) Riverton Chevrolet - To help entice the participant to move operations to the Project Area, the RDA has agreed to pay a portion of the City's sales tax to provide a financial incentive to Riverton Chevrolet to construct a new facility and begin operation within 18 months of the signed agreement. As part of the development agreement entered into on November 17, 2015, upon written notice the RDA shall pay 30 percent of the Point of Sale Tax (POST) generated by sales within the Project Area for no more than 10 years and ending after tax year 2030. In addition, the RDA agreed to pay all permit and building fees above \$100,000 owed by the company for building and constructing this new facility. The City will pay to the RDA a portion of the City's sales tax revenue generated within the Project Area. The incentive paid is limited to \$65,000 in a calendar year and is limited to no more than \$550,000 under the current agreement. The incentive payments started in 2017 and the amount paid in fiscal year 2023 is \$65,000. No building or permit fees were paid in fiscal year 2023.

2) Tim Dahle Imports, Inc. - To help entice the participant to move operations to the Project Area, the RDA has agreed to pay a portion of the City's sales tax to provide a financial incentive to Tim Dahle Imports, Inc. to construct a new facility and begin operation within 18 months of the signed agreement. As part of the development agreement entered into on November 21, 2014, upon written notice the RDA shall pay 30 percent of the Point of Sale Tax (POST) generated by sales within the Project Area for no more than 12 years and all permit and building fees above \$100,000 owed by the company for building and constructing this new facility. The City will pay to the RDA a portion of the City's sales tax revenue generated within the Project Area. The incentive paid is limited to \$60,000 in a calendar year and is limited to no more than \$500,000 under the current agreement. In fiscal year 2023, the amount paid is \$60,000. No building or permit fees were paid in fiscal year 2023.

## CITY OF SOUTH JORDAN

### Notes to the Financial Statements

June 30, 2023

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3) eBay Inc. and Subsidiaries – To help entice and assist in the completion of constructing, opening, and operating a 250,000 square feet or larger data center within the Project Area, the RDA incentivized eBay Inc., by agreeing to pay to a portion of the City’s sales tax and municipal energy sales and use tax revenues. In addition, the City will waive site plan approval, building permit fees and credit all impact fees for the Project Site. As part of the development agreement entered into on July 16, 2009, upon written notice the RDA will pay one-half of the City’s point-of-sale sales tax revenues generated by taxable sales and energy sales made within the project site for the tax years 2009-2020. The City will pay to the RDA a portion of the City’s sales tax revenue and municipal energy sales and use tax revenues generated within the Project Area. In fiscal year 2023, the RDA paid \$0 in sales tax and energy sales tax incentives and the City waived \$0 in site plans, building permits, and impact fees.

In addition, as part of the agreement entered on July 16, 2009, the RDA also agreed to pay eBay, Inc. 40.75 percent of Jordan School District’s portion of tax increment and 92.5 percent of the remaining RDA available tax increment above the 2007 taxable amount within the Project Site for a period of 10 years beginning in tax year 2010. The last tax increment payment was made to eBay in May 2021. This amount is limited to the amounts available after other obligations, including infrastructure reimbursements and limitations agreed upon under interlocal agreements with Jordan School District, South Valley Sewer District, Salt Lake County, Jordan Valley Water Conservancy District, and Central Utah Water Conservancy District. As part of this agreement, the RDA also agreed to pay 31.375 percent of the increment to Jordan School District as part of an interlocal agreement, which includes its portion of the tax increment (20.375 percent) which passed through the RDA. In fiscal year 2023, the RDA paid \$0 to eBay Inc.

4) Merit Medical Systems, Inc. - To help entice and assist the company in expanding the existing Merit Medical facility and constructing several new facilities in phases, the RDA has agreed to pay Merit Medical a portion of its tax increment generated in the Project Area. In addition, Merit Medical agreed to a phased increase in employment with full build-out employment to employ at least 500 people in addition to the 200 already employed for at least 15 years. As part of the agreement entered into on March 29, 2007, the RDA has agreed to reimburse to Merit Medical 65 percent of eligible Project Area tax increment received by the RDA arising from Merit Medical construction of improvements within the Project Area. The original participation agreement concluded in tax year 2021 and the last payment under this agreement was made in fiscal year 2021.

In 2018, the RDA taxing entity committee extended Merit Medical’s project area an additional fifteen (15) years. The extension period started in tax year 2022. This was done to help entice and assisted the company to continue expanding the existing Merit Medical facility and constructing several additional facilities in phases. The RDA has agree to pay Merit Medical a portion of its tax increment generated in the project area. Merit Medical has agreed to a phased increase in full-time employment to employ at least an additional 2,433 people over the 15 year extension period. This is in addition to the 1,962 already employed as of December 31, 2019. As part of the participation agreement entered into on August 6, 2020, the RDA has agreed to reimburse to Merit Medical 87.5 percent of eligible project area tax increment actually received by the RDA arising from Merit Medical construction of improvements within the project area. In fiscal year 2023, the amount paid is \$995,835.

Utah Code 5-1-403 prohibits the release of sales tax information specific to a particular entity. Therefore, no further detail can be provided regarding the sales tax abatement agreements listed above.

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**NOTE 17 – SALE OF THE FITNESS CENTER**

On April 1, 2020, the City entered into an agreement with Salt Lake County where the City intends to sell its Fitness Center building to Salt Lake County. The City has completed paying off 2011 Municipal Building Authority Lease Revenue and Refunding Bond. The sale was recorded with the County in fiscal year 2023.

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**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLES**

*Implementing Authoritative Guidance:*

The City implemented GASB Statement No. 96, Subscription-Based Information Technology Arrangements, in fiscal year 2023. The City had only one subscription that was determined to be material and met the requirements under GASB 96. This subscription contract was entered into during the fiscal year, therefore there is no impact on prior fiscal years.

The City implemented GASB Statement No. 100, Accounting Changes and Error Corrections. This is a new GASB pronouncement and has a required implementation for financial statements after June 15, 2023.

*Changes to Accounting Principles:*

The City updated its definition of capital asset to be a cost of more than \$10,000, which was \$5,000 in prior years. The rising cost of equipment and projects and growing City were major reason for this change. This change was implemented in fiscal year prospectively, there is no change to past assets booked and financial statements and management is of the opinion this will have minimal impact on the City's financial statements going forward.

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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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Taxes				
Property Tax - Current	\$ 14,685,472	\$ 14,685,472	\$ 15,326,756	\$ 641,284
Property Tax - Delinquent	120,000	120,000	151,171	31,171
Motor Vehicle Tax	825,940	825,940	807,818	(18,122)
Sales and Use Tax	24,220,568	24,220,568	23,441,152	(779,416)
Penalties and Interest	15,000	15,000	44,069	29,069
Telecommunications Tax	630,000	630,000	495,686	(134,314)
Energy Sales and Use Tax	4,266,200	4,266,200	6,039,853	1,773,653
Cable TV Franchise Tax	493,770	493,770	479,528	(14,242)
Transient Room Tax	142,597	142,597	243,923	101,326
Total Taxes	<u>45,399,547</u>	<u>45,399,547</u>	<u>47,029,956</u>	<u>1,630,409</u>
Licenses and Permits				
Building Permits	3,365,430	3,365,430	1,769,864	(1,595,566)
Business Licenses	190,000	190,000	215,079	25,079
Solid Waste License Fee	120,000	120,000	173,830	53,830
Miscellaneous	251,500	251,500	347,041	95,541
Total Licenses and Permits	<u>3,926,930</u>	<u>3,926,930</u>	<u>2,505,814</u>	<u>(1,421,116)</u>
Intergovernmental Revenues				
Federal Grants	85,000	85,000	88,398	3,398
State Grants	-	-	39,952	39,952
County Grants	-	-	32,326	32,326
Liquor Fund Allotment	60,000	60,000	75,530	15,530
Total Intergovernmental Revenues	<u>145,000</u>	<u>145,000</u>	<u>236,206</u>	<u>91,206</u>
Charges for Services				
Administrative Fees	4,697,758	4,697,758	4,697,758	-
Ambulance Fees	1,009,451	1,249,451	2,071,962	822,511
Cemetery Fees	275,000	275,000	562,054	287,054
Plan Check and Inspection Fees	33,000	33,000	342,220	309,220
Program and Event Fees	196,350	196,350	295,426	99,076
Zoning and Subdivision Fees	675,000	675,000	510,730	(164,270)
Other Services	171,450	171,450	596,394	424,944
Total Charges for Services	<u>7,058,009</u>	<u>7,298,009</u>	<u>9,076,544</u>	<u>1,778,535</u>
Fines and Forfeitures	<u>500,000</u>	<u>500,000</u>	<u>477,892</u>	<u>(22,108)</u>
Miscellaneous Revenue				
Investment Earnings	500,000	900,000	3,856,428	2,956,428
Sundry Revenue	317,500	367,429	810,062	442,633
Total Miscellaneous Revenue	<u>817,500</u>	<u>1,267,429</u>	<u>4,666,490</u>	<u>3,399,061</u>
<b>Total Revenue</b>	<u><b>57,846,986</b></u>	<u><b>58,536,915</b></u>	<u><b>63,992,902</b></u>	<u><b>5,455,987</b></u>

(Continued)

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

**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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>EXPENDITURES</b>				
Current:				
General Government				
General Administration	\$ 2,328,166	\$ 2,318,216	\$ 1,994,498	\$ 323,718
City Commerce	344,082	344,082	319,881	24,201
City Recorder	431,063	431,063	240,327	190,736
Finance	2,765,978	2,940,978	2,923,146	17,832
Human Resources	814,662	814,662	730,474	84,188
Office of the City Attorney	1,419,985	1,416,985	1,261,700	155,285
Total General Government	<u>8,103,936</u>	<u>8,265,986</u>	<u>7,470,026</u>	<u>795,960</u>
Administrative Services				
Administration	1,257,537	1,257,537	1,199,818	57,719
Facilities	1,394,814	1,476,860	1,476,823	37
Information Services	2,073,915	2,073,915	1,796,617	277,298
Justice Court	676,063	676,063	601,970	74,093
Risk Management	693,491	743,420	719,806	23,614
Total Administrative Services	<u>6,095,820</u>	<u>6,227,795</u>	<u>5,795,034</u>	<u>432,761</u>
Recreation Programs				
Total Recreation Programs	<u>1,988,918</u>	<u>2,008,918</u>	<u>2,007,652</u>	<u>1,266</u>
Development Services				
Building	1,879,428	1,879,428	1,805,213	74,215
Engineering	2,847,845	2,847,845	2,759,355	88,490
Planning	950,156	950,156	842,867	107,289
Total Development Services	<u>5,677,429</u>	<u>5,677,429</u>	<u>5,407,435</u>	<u>269,994</u>
Public Works				
Administration	1,176,845	1,176,845	1,175,358	1,487
Cemetery	355,066	355,066	308,614	46,452
Fleet	1,256,809	1,656,809	1,539,731	117,078
Parks	3,774,525	3,774,525	3,760,759	13,766
Streets	2,569,917	2,569,917	2,360,820	209,097
Total Public Works	<u>9,133,162</u>	<u>9,533,162</u>	<u>9,145,282</u>	<u>387,880</u>
Public Safety				
Fire	10,786,160	11,044,043	10,842,793	201,250
Police & Animal Control	12,690,023	12,965,440	11,458,005	1,507,435
Total Public Safety	<u>23,476,183</u>	<u>24,009,483</u>	<u>22,300,798</u>	<u>1,708,685</u>
Debt Service				
Principal	98,292	98,292	98,292	-
Interest and Fees	2,030	2,030	2,030	-
Total Debt Service	<u>100,322</u>	<u>100,322</u>	<u>100,322</u>	<u>-</u>
Capital Outlay				
	<u>466,280</u>	<u>466,280</u>	<u>462,297</u>	<u>3,983</u>
Total Expenditures	<u>55,042,050</u>	<u>56,289,375</u>	<u>52,688,846</u>	<u>3,600,529</u>
Excess (Deficiency) of Revenues Over Expenditures				
	<u>2,804,936</u>	<u>2,247,540</u>	<u>11,304,056</u>	<u>9,056,516</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	116,377	116,377
Lease Financing	-	-	182,289	182,289
Transfers In	671,205	789,915	789,915	-
Transfers Out	(3,476,141)	(3,489,091)	(10,413,753)	(6,924,662)
Total Other Financing Sources (Uses)	<u>(2,804,936)</u>	<u>(2,699,176)</u>	<u>(9,325,172)</u>	<u>(6,625,996)</u>
Net Change in Fund Balance				
	-	(451,636)	1,978,884	2,430,520
Fund Balance - July 1	17,049,088	17,049,088	17,049,088	-
Fund Balance - June 30	<u>\$ 17,049,088</u>	<u>\$ 16,597,452</u>	<u>\$ 19,027,972</u>	<u>\$ 2,430,520</u>

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

**Redevelopment Agency Fund**

Schedule of Revenues, Expenditures, and Changes in Fund Balance -

Budget and Actual

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Taxes	\$ 13,500,000	\$ 13,500,000	\$ 11,739,950	\$ (1,760,050)
Interest	-	-	870,948	870,948
Miscellaneous	-	-	-	-
Total Revenues	<u>13,500,000</u>	<u>13,500,000</u>	<u>12,610,898</u>	<u>(889,102)</u>
<b>EXPENDITURES</b>				
General Government	639,019	639,019	471,641	167,378
Capital Outlay and Projects	1,100,000	1,100,000	14,049	1,085,951
Tax Increment Distributions	8,285,000	8,285,000	3,909,608	4,375,392
Housing Assistance	2,400,000	2,400,000	-	2,400,000
Total Expenditures	<u>12,424,019</u>	<u>12,424,019</u>	<u>4,395,298</u>	<u>8,028,721</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,075,981</u>	<u>1,075,981</u>	<u>8,215,600</u>	<u>7,139,619</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,346,555)	(2,465,265)	(2,465,265)	-
Total Other Financing Sources (Uses)	<u>(2,346,555)</u>	<u>(2,465,265)</u>	<u>(2,465,265)</u>	<u>-</u>
Net Change in Fund Balance	(1,270,574)	(1,389,284)	5,750,335	7,139,619
Fund Balance - July 1	20,816,138	20,816,138	20,816,138	-
Fund Balance - June 30	<u>\$ 19,545,564</u>	<u>\$ 19,426,854</u>	<u>\$ 26,566,473</u>	<u>\$ 7,139,619</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, 2023

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
Proportion of the net pension liability (asset)	2014	N/A	15.9106976%	1.5301206%	9.0584805%	0.2047770%	1.0058044%
	2015	0.4305872%	11.1214144%	1.5826797%	8.7521498%	0.2390321%	1.0052886%
	2016	0.9541323%	0.2254320%	1.6078971%	8.5699580%	0.2334395%	1.4288409%
	2017	0.9922930%	0.0410220%	1.5724336%	8.4505314%	0.2454196%	1.7373905%
	2018	1.0347750%	0.0000000%	1.6743433%	7.6484656%	0.2596129%	1.7802629%
	2019	1.0520746%	0.0000000%	1.7480430%	7.5987614%	0.2559968%	1.5723158%
	2020	1.0530184%	0.0000000%	1.7499676%	7.5599320%	0.2409862%	1.4367073%
	2021	1.0721251%	0.0000000%	1.6108354%	7.1784427%	0.2456592%	1.6252455%
	2022	1.0894493%	0.0000000%	1.6292235%	7.3387121%	0.2629057%	1.7441811%
Proportionate share of the net pension liability (asset)	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)
	2018	7,619,797	-	4,307,391	993,132	111,187	44,606
	2019	3,965,131	-	2,806,306	(942,398)	57,576	147,899
	2020	540,138	-	1,452,895	(2,113,908)	34,661	128,865
	2021	(6,140,175)	-	(1,308,228)	(4,186,585)	(103,972)	(82,144)
	2022	1,865,953	-	2,106,708	(1,905,894)	286,276	145,507
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
	2018	8,520,578	176,055	2,284,982	2,463,496	3,033,668	2,380,459
	2019	8,749,789	186,643	2,370,215	2,571,107	3,557,764	2,591,748
	2020	8,791,928	193,622	2,416,868	2,611,342	3,852,248	2,853,315
	2021	9,008,152	201,854	2,027,406	2,603,866	4,557,885	3,886,584
	2022	9,483,490	219,031	1,953,295	2,863,485	5,734,508	5,366,472
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2014	N/A	56.50%	81.30%	-20.50%	-0.60%	-3.60%
	2015	69.58%	173.90%	117.98%	-6.32%	-0.03%	-2.45%
	2016	76.93%	21.37%	137.72%	-2.68%	1.36%	-1.05%
	2017	53.29%	1.73%	109.91%	-20.80%	0.90%	-1.10%
	2018	89.43%	0.00%	188.51%	40.31%	3.67%	1.87%
	2019	45.32%	0.00%	118.40%	-36.65%	1.62%	5.71%
	2020	6.14%	0.00%	60.11%	-80.95%	0.90%	4.52%
	2021	-68.16%	0.00%	-64.53%	-160.78%	-2.28%	-2.11%
	2022	19.68%	0.00%	107.85%	-66.56%	4.99%	2.71%
Plan fiduciary net position as a percentage of the total pension liability (asset)	2014	N/A	94.00%	90.50%	103.50%	103.50%	120.50%
	2015	87.80%	85.70%	87.10%	101.00%	100.20%	110.70%
	2016	87.30%	92.90%	86.50%	100.40%	95.10%	103.60%
	2017	91.90%	98.20%	90.20%	103.00%	97.40%	103.00%
	2018	87.00%	0.00%	84.70%	94.30%	90.80%	95.60%
	2019	93.70%	0.00%	90.90%	105.00%	96.50%	89.60%
	2020	99.20%	0.00%	95.50%	110.50%	98.30%	93.10%
	2021	108.70%	0.00%	104.20%	120.10%	103.80%	102.80%
	2022	97.50%	0.00%	93.60%	108.40%	92.30%	96.40%

\* 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, 2023  
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%
	2019	1,597,253	1,597,253	-	8,650,388	18.46%
	2020	1,627,767	1,627,767	-	8,816,414	18.46%
	2021	1,634,374	1,634,374	-	8,852,191	18.46%
	2022	1,678,609	1,678,609	-	9,091,359	18.46%
	2023	1,791,419	1,791,419	-	9,977,802	17.95%
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%
	2019	-	-	-	-	0.00%
	2020	-	-	-	-	0.00%
	2021	-	-	-	-	0.00%
	2022	-	-	-	-	0.00%
	2023	-	-	-	-	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%
	2019	752,012	752,012	-	2,296,594	32.74%
	2020	807,189	807,189	-	2,461,313	32.80%
	2021	706,490	706,490	-	2,172,645	32.52%
	2022	646,703	646,703	-	2,002,101	32.30%
	2023	625,717	625,717	-	1,948,760	32.11%
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%
	2019	108,893	108,893	-	2,485,818	4.38%
	2020	115,760	115,760	-	2,652,323	4.36%
	2021	110,812	110,812	-	2,579,841	4.30%
	2022	112,240	112,240	-	2,646,554	4.24%
	2023	101,323	101,323	-	3,011,042	3.37%
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%
	2019	504,781	504,781	-	3,248,260	15.54%
	2020	578,775	578,775	-	3,695,885	15.66%
	2021	652,276	652,276	-	4,128,325	15.80%
	2022	830,385	830,385	-	5,167,303	16.07%
	2023	1,036,286	1,036,286	-	6,472,739	16.01%
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%
	2019	454,102	454,102	-	2,573,867	17.64%
	2020	474,866	474,866	-	2,668,720	17.79%
	2021	643,787	643,787	-	3,190,850	20.18%
	2022	947,135	947,135	-	4,645,275	20.39%
	2023	1,227,541	1,227,541	-	6,042,951	20.31%
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%
	2019	39,671	39,671	-	592,989	6.69%
	2020	52,603	52,603	-	786,292	6.69%
	2021	55,387	55,387	-	827,913	6.69%
	2022	52,139	52,139	-	779,365	6.69%
	2023	66,408	66,408	-	1,072,818	6.19%
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%
	2019	7,557	7,557	-	213,596	3.54%
	2020	17,054	17,054	-	333,107	5.12%
	2021	18,377	18,377	-	356,471	5.16%
	2022	29,035	29,035	-	534,886	5.43%
	2023	37,622	37,622	-	701,919	5.36%

\* 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 practices.

\*\* 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**  
June 30, 2023

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**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 and are generally supplemental plans to the basic retirement benefits for the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b), and 408 of the Internal Revenue Code. Detailed information regarding plan provisions is available in the separately issued URS financial report.

The City of South Jordan participates in the following Defined Contribution Savings Plans with Utah Retirement Systems: 401(k), 457(b), Roth IRA Plan, and Traditional IRA Plan.

A summary of the contributions made for fiscal year ended June 30, 2023, were as follows:

	<u>2023</u>		<u>2022</u>		<u>2021</u>	
<b>401(k) Plan</b>						
Employer Contribution	\$	1,132,041	\$	1,002,507	\$	867,252
Employee Contribution	\$	1,034,843	\$	968,269	\$	815,543
<b>457 Plan</b>						
Employer Contribution	\$	465,706	\$	379,741	\$	307,295
Employee Contribution	\$	653,785	\$	563,029	\$	503,844
<b>Roth IRA Plan</b>						
Employer Contribution		N/A		N/A		N/A
Employee Contribution	\$	212,495	\$	153,207	\$	107,447
<b>Traditional IRA Plan</b>						
Employer Contribution		N/A		N/A		N/A
Employee Contribution	\$	4,165	\$	4,470	\$	4,645

\*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**

No changes were made in actuarial assumptions from the prior year's valuation.

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# SUPPLEMENTARY INFORMATION

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

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Special revenue funds are used to account for specific revenues that are restricted to expenditure for particular purposes.

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- 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.
- 4) **Interfacility Ambulance Fund** - This fund is used to account for fees charged to users and expenditures dealing with the City's interfacility ambulance program.

### DEBT SERVICE FUND

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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 services fund.

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- 1) **Municipal Building Authority (MBA) 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.



**CITY OF SOUTH JORDAN**  
**Combining Balance Sheet**  
Nonmajor Governmental Funds  
June 30, 2023

	Special Revenue				Debt Service	Total
	Storm Drain	Community Development Building Grant	Fitness Center	Interfacility Ambulance	Municipal Building Authority	
<b>ASSETS</b>						
Cash, Cash Equivalents, and Investments	\$ 796,476	\$ -	\$ 1,139,617	\$ 1,528,234	\$ 354,684	\$ 3,819,011
Restricted Cash	-	-	-	-	-	-
Receivables						
Accounts	303,735	-	-	521,720	-	825,455
Due From Other Funds	-	-	26,109	-	-	26,109
Special Assessments	-	-	-	-	-	-
Intergovernmental Receivables	-	39,794	-	-	-	39,794
Inventories	-	-	-	-	-	-
Total Assets	<u>\$ 1,100,211</u>	<u>\$ 39,794</u>	<u>\$ 1,165,726</u>	<u>\$ 2,049,954</u>	<u>\$ 354,684</u>	<u>\$ 4,710,369</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	72,825	13,685	-	-	-	86,510
Due to Other Funds	-	26,109	-	-	-	26,109
Total Liabilities	<u>72,825</u>	<u>39,794</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>112,619</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Restricted	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	1,027,386	-	1,165,726	2,049,954	354,684	4,597,750
Total Fund Balances	<u>1,027,386</u>	<u>-</u>	<u>1,165,726</u>	<u>2,049,954</u>	<u>354,684</u>	<u>4,597,750</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,100,211</u>	<u>\$ 39,794</u>	<u>\$ 1,165,726</u>	<u>\$ 2,049,954</u>	<u>\$ 354,684</u>	<u>\$ 4,710,369</u>

**CITY OF SOUTH JORDAN**

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

Nonmajor Governmental Funds

For the Year Ended June 30, 2023

	Special Revenue			Debt Service	Total
	Storm Drain	Community Development Building Grant	Fitness Center	Municipal Building Authority	
<b>REVENUES</b>					
Intergovernmental	\$ -	\$ 68,183	\$ -	\$ -	\$ 68,183
Charges for Services	3,146,632	-	-	2,964,571	6,111,203
Interest	33,784	-	-	626	51,618
Miscellaneous	41,114	-	-	-	41,114
Total Revenues	<u>3,221,530</u>	<u>68,183</u>	<u>-</u>	<u>626</u>	<u>6,272,118</u>
<b>EXPENDITURES</b>					
Current					
General Government	-	-	-	-	-
Development Services	-	68,183	-	-	68,183
Public Safety	-	-	-	681,825	681,825
Public Works	1,869,694	-	-	-	1,869,694
Recreation	-	-	-	-	-
Debt Service					
Principal	-	-	-	-	-
Interest and Fees	-	-	-	-	-
Capital Outlay and Projects	228,037	-	-	-	228,037
Total Expenditures	<u>2,097,731</u>	<u>68,183</u>	<u>-</u>	<u>681,825</u>	<u>2,847,739</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,123,799</u>	<u>-</u>	<u>-</u>	<u>626</u>	<u>3,424,379</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	33,700	-	-	-	33,700
Transfers In	-	-	-	-	-
Transfers Out	(2,889,941)	-	-	(250,000)	(3,139,941)
Total Other Financing Sources (Uses)	<u>(2,856,241)</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>(3,106,241)</u>
Net Change in Fund Balances	(1,732,442)	-	-	626	318,138
Fund Balances - Beginning	2,759,828	-	1,165,726	354,058	4,279,612
Fund Balances - Ending	<u>\$ 1,027,386</u>	<u>\$ -</u>	<u>\$ 1,165,726</u>	<u>\$ 354,684</u>	<u>\$ 4,597,750</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 3,400,000	\$ 4,100,000	\$ 12,599,187	\$ 8,499,187
Impact Fees	1,450,000	1,750,000	1,047,491	(702,509)
Taxes	1,400,000	1,400,000	2,092,813	692,813
Interest	150,000	150,000	241,486	91,486
Miscellaneous	300,000	1,604,250	1,193,092	(411,158)
Total Revenues	<u>6,700,000</u>	<u>9,004,250</u>	<u>17,174,069</u>	<u>8,169,819</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Road and Bridge	4,771,000	18,679,709	4,520,100	14,159,609
Parks	1,032,000	4,692,115	3,839,600	852,515
Storm Drain	2,220,000	5,855,198	956,836	4,898,362
Facilities	291,000	1,412,104	263,272	1,148,832
Other Projects	3,307,770	8,565,766	2,297,855	6,267,911
Developer Reimbursement	-	5,000	269,142	(264,142)
Debt Service				
Principal	-	-	35,173	(35,173)
Interest	-	-	-	-
Total Expenditures	<u>11,621,770</u>	<u>39,209,892</u>	<u>12,181,978</u>	<u>27,027,914</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,921,770)</u>	<u>(30,205,642)</u>	<u>4,992,091</u>	<u>35,197,733</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	39,250	39,250
Issuance of Loan	-	-	984,000	984,000
Subscription Financing	-	-	605,934	605,934
Transfers In	3,493,000	4,155,950	11,080,612	6,924,662
Transfers Out	(969,741)	(1,707,252)	(1,707,252)	-
Total Other Financing Sources (Uses)	<u>2,523,259</u>	<u>2,448,698</u>	<u>11,002,544</u>	<u>8,553,846</u>
Net Change in Fund Balance	(2,398,511)	(27,756,944)	15,994,635	43,751,579
Fund Balance - July 1	76,728,240	76,728,240	76,728,240	-
Fund Balance - June 30	<u>\$ 74,329,729</u>	<u>\$ 48,971,296</u>	<u>\$ 92,722,875</u>	<u>\$ 43,751,579</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Special Assessments	\$ 2,159,100	\$ 2,159,100	\$ 2,174,604	\$ 15,504
Interest	10,400	10,400	13,125	2,725
Total Revenues	<u>2,169,500</u>	<u>2,169,500</u>	<u>2,187,729</u>	<u>18,229</u>
<b>EXPENDITURES</b>				
General Government	-	75,000	79,500	(4,500)
Debt Service				
Principal	3,535,000	4,557,242	4,557,242	-
Interest and Fees	2,699,875	2,652,958	2,645,007	7,951
Total Expenditures	<u>6,234,875</u>	<u>7,285,200</u>	<u>7,281,749</u>	<u>3,451</u>
Deficiency of Revenues Over Expenditures	<u>(4,065,375)</u>	<u>(5,115,700)</u>	<u>(5,094,020)</u>	<u>21,680</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	5,140,082	5,877,593	5,877,593	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>5,140,082</u>	<u>5,877,593</u>	<u>5,877,593</u>	<u>-</u>
Net Change in Fund Balance	1,074,707	761,893	783,573	21,680
Fund Balance - July 1	2,925,206	2,925,206	2,925,206	-
Fund Balance - June 30	<u>\$ 3,999,913</u>	<u>\$ 3,687,099</u>	<u>\$ 3,708,779</u>	<u>\$ 21,680</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Charges for Services	\$ 2,900,000	\$ 2,900,000	\$ 3,146,632	\$ 246,632
Interest	3,000	3,000	33,784	30,784
Miscellaneous	2,200	2,200	41,114	38,914
Total Revenues	<u>2,905,200</u>	<u>2,905,200</u>	<u>3,221,530</u>	<u>316,330</u>
<b>EXPENDITURES</b>				
Public Works	1,861,122	1,941,122	1,869,694	71,428
Capital Outlay	113,840	233,840	228,037	5,803
Total Expenditures	<u>1,974,962</u>	<u>2,174,962</u>	<u>2,097,731</u>	<u>77,231</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>930,238</u>	<u>730,238</u>	<u>1,123,799</u>	<u>393,561</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	33,700	33,700
Transfers In	-	-	-	-
Transfers Out	(2,239,941)	(2,889,941)	(2,889,941)	-
Total Other Financing Sources (Uses)	<u>(2,239,941)</u>	<u>(2,889,941)</u>	<u>(2,856,241)</u>	<u>33,700</u>
Net Change in Fund Balance	(1,309,703)	(2,159,703)	(1,732,442)	427,261
Fund Balance - July 1	2,759,828	2,759,828	2,759,828	-
Fund Balance - June 30	<u>\$ 1,450,125</u>	<u>\$ 600,125</u>	<u>\$ 1,027,386</u>	<u>\$ 427,261</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variances with Final Budget</u>
<b>REVENUES</b>				
Intergovernmental	\$ 220,000	\$ 220,000	\$ 68,183	\$ (151,817)
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>68,183</u>	<u>(151,817)</u>
<b>EXPENDITURES</b>				
Development Services	73,500	74,487	68,183	6,304
Capital Outlay	146,500	145,513	-	145,513
Total Expenditures	<u>220,000</u>	<u>220,000</u>	<u>68,183</u>	<u>151,817</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Miscellaneous	-	-	-	-
Total Revenues	-	-	-	-
<b>EXPENDITURES</b>				
Recreation	-	-	-	-
Capital Outlay	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	-	-
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	-	-	-	-
Fund Balance - July 1	1,165,726	1,165,726	1,165,726	-
Fund Balance - June 30	<u>\$ 1,165,726</u>	<u>\$ 1,165,726</u>	<u>\$ 1,165,726</u>	<u>\$ -</u>

**CITY OF SOUTH JORDAN****Interfacility Ambulance Fund**Schedule of Revenues, Expenditures, and Changes in Fund Balance -  
Budget and Actual

For the Year Ended June 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Charges for Services	\$ 2,200,000	\$ 2,200,000	\$ 2,964,571	\$ 764,571
Interest	-	-	17,208	17,208
Total Revenues	<u>2,200,000</u>	<u>2,200,000</u>	<u>2,981,779</u>	<u>781,779</u>
<b>EXPENDITURES</b>				
Public Safety	1,007,703	1,007,703	681,825	325,878
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,007,703</u>	<u>1,007,703</u>	<u>681,825</u>	<u>325,878</u>
Excess of Revenues Over Expenditures	<u>1,192,297</u>	<u>1,192,297</u>	<u>2,299,954</u>	<u>1,107,657</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Transfers Out	(250,000)	(250,000)	(250,000)	-
Total Other Financing Sources	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>
Net Change in Fund Balance	942,297	942,297	2,049,954	1,107,657
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	<u>\$ 942,297</u>	<u>\$ 942,297</u>	<u>\$ 2,049,954</u>	<u>\$ 1,107,657</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, 2023

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 626	\$ 626
Total Revenues	-	-	626	626
<b>EXPENDITURES</b>				
Debt Service				
Principal	-	-	-	-
Interest and Fees	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	626	626
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	-	-	626	626
Fund Balance - July 1	354,058	354,058	354,058	-
Fund Balance - June 30	\$ 354,058	\$ 354,058	\$ 354,684	\$ 626

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# STATISTICAL INFORMATION

## STATISTICAL SECTION

This part of the City of South Jordan’s annual comprehensive 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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Changes in Net Position .....	138
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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 Property Tax Payers .....	145
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Principal Sales Tax Payers .....	147
Direct and Overlapping Sales Tax Rates .....	148
Charges for Water Fees .....	149

**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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Direct and Overlapping Governmental Activities Debt .....	151
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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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Full-time Equivalent City Government Employees by Function/Program .....	157

**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 .....	158
Operating Indicators by Function/Program .....	159

Sources: Unless otherwise noted, the information in these schedules are derived from the annual comprehensive financial reports for the relevant year.

**CITY OF SOUTH JORDAN**  
**Net Position by Component**  
Last Ten Fiscal Years  
(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Governmental Activities</b>										
Net Investment in Capital Assets	\$ 199,575,459	\$ 213,258,424	\$ 219,697,662	\$ 167,503,336	\$ 206,655,775	\$ 198,845,888	\$ 242,993,458	\$ 263,334,628	\$ 279,934,926	\$ 282,676,062
Restricted	10,501,361	11,103,967	59,790,195	14,205,726	38,025,721	15,570,592	18,313,932	14,643,517	32,681,920	34,917,143
Unrestricted	42,742,779	42,934,056	32,408,953	117,927,102	62,397,209	85,023,070	90,746,447	101,154,017	99,643,490	137,296,681
<b>Total Governmental Activities Net Position</b>	<b>252,819,599</b>	<b>267,296,447</b>	<b>311,896,810</b>	<b>299,636,164</b>	<b>307,078,705</b>	<b>299,439,550</b>	<b>352,053,837</b>	<b>379,132,162</b>	<b>412,260,336</b>	<b>454,889,886</b>
<b>Business-type Activities</b>										
Net Investment in Capital Assets	87,328,878	94,420,764	97,282,722	102,908,992	107,291,106	117,353,246	130,438,039	136,480,950	141,873,602	146,498,568
Restricted	9,167,118	8,424,148	8,688,869	8,327,019	8,078,321	5,995,575	4,348,109	3,891,827	3,959,104	2,908,193
Unrestricted	19,119,412	19,649,500	25,024,836	31,892,731	35,117,156	39,063,446	43,681,153	47,284,168	47,885,278	49,862,747
<b>Total Business-type Activities Net Position</b>	<b>115,615,408</b>	<b>122,494,412</b>	<b>130,996,427</b>	<b>143,128,742</b>	<b>150,486,583</b>	<b>162,412,267</b>	<b>178,467,301</b>	<b>187,656,945</b>	<b>193,717,984</b>	<b>199,269,508</b>
<b>Primary Government</b>										
Net Investment in Capital Assets	286,904,337	307,679,188	316,980,384	270,412,328	313,946,881	316,199,134	373,431,497	399,815,578	421,808,528	429,174,630
Restricted	19,668,479	19,528,115	68,479,064	22,532,745	46,104,042	21,566,167	22,662,041	18,535,344	36,641,024	37,825,336
Unrestricted	61,862,191	62,583,556	57,433,789	149,819,833	97,514,365	124,086,516	134,427,600	148,438,185	147,528,768	187,159,428
<b>Total Primary Government Net Position</b>	<b>\$ 368,435,007</b>	<b>\$ 389,790,859</b>	<b>\$ 442,893,237</b>	<b>\$ 442,764,906</b>	<b>\$ 457,565,288</b>	<b>\$ 461,851,817</b>	<b>\$ 530,521,138</b>	<b>\$ 566,789,107</b>	<b>\$ 605,978,320</b>	<b>\$ 654,159,394</b>

**CITY OF SOUTH JORDAN**

**Changes in Net Position**

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 16,608,707	\$ 18,395,535	\$ 20,291,415	\$ 44,494,650	\$ 26,118,851	\$ 26,584,589	\$ 17,432,244	\$ 22,056,273	\$ 13,962,223	\$ 22,163,294
Administrative Services*	-	-	-	-	-	10,018,151	10,888,967	10,435,889	5,769,376	-
Community Services	-	1,263,211	1,308,157	1,104,739	1,160,626	-	-	-	-	-
Development Services	3,517,200	3,626,463	3,979,425	3,394,698	4,318,675	4,875,349	5,456,960	4,909,963	4,740,376	5,364,271
Public Works	10,908,608	14,564,901	16,297,364	15,974,955	18,322,736	16,507,982	15,882,104	17,602,167	20,682,764	23,612,585
Recreation	-	2,146,638	2,236,178	2,010,135	2,117,615	2,333,818	1,649,535	480,467	1,876,415	3,215,199
Public Safety	10,878,736	11,515,459	12,857,799	11,069,346	14,373,525	17,483,131	18,867,633	18,220,610	19,645,679	24,678,610
Parks, Recreation, and Culture	4,514,140	-	-	-	-	-	-	-	-	-
Interest on Long-term Debt	1,343,194	1,250,915	1,542,672	2,479,864	2,929,191	2,612,474	2,767,426	2,531,067	2,285,736	2,251,146
<b>Total Governmental Activities Expenses</b>	<b>47,770,585</b>	<b>52,763,122</b>	<b>58,513,010</b>	<b>80,528,387</b>	<b>69,341,219</b>	<b>80,415,494</b>	<b>72,944,869</b>	<b>76,236,436</b>	<b>68,962,569</b>	<b>81,285,105</b>
Business-type Activities										
Water	15,080,336	15,267,223	16,374,117	18,751,004	17,569,181	17,150,610	19,256,677	22,067,738	20,880,342	21,756,715
Sanitation	2,798,131	2,602,360	2,816,637	2,669,590	2,856,678	3,258,710	3,974,790	4,504,200	4,818,012	5,411,796
Mulligans	1,064,918	997,913	955,743	892,923	1,125,656	1,089,321	1,061,018	1,260,093	1,374,337	1,795,837
<b>Total Business-type Activities Expenses</b>	<b>18,943,385</b>	<b>18,867,496</b>	<b>20,146,497</b>	<b>22,313,517</b>	<b>21,551,515</b>	<b>21,498,641</b>	<b>24,292,485</b>	<b>27,832,031</b>	<b>27,072,691</b>	<b>28,964,348</b>
<b>Total Primary Government Expenses</b>	<b>66,713,970</b>	<b>71,630,618</b>	<b>78,659,507</b>	<b>102,841,904</b>	<b>90,892,734</b>	<b>101,914,135</b>	<b>97,237,354</b>	<b>104,068,467</b>	<b>96,035,260</b>	<b>110,249,453</b>
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	3,934,299	4,704,833	37,564,149	5,712,853	5,138,585	3,846,076	4,248,044	4,697,558	6,324,770	7,238,298
Administrative Services	-	-	-	-	-	673,040	242,848	241,950	361,628	-
Community Services	-	50,104	55,098	67,194	82,357	-	-	-	-	-
Development Services	4,425,104	3,635,389	4,627,339	4,226,567	4,150,663	3,976,104	4,494,010	5,986,267	5,114,493	2,970,197
Public Works	5,872,832	2,672,510	2,743,340	4,568,970	2,464,043	2,666,183	2,727,750	3,308,424	3,804,281	3,938,361
Recreation	-	1,796,106	1,788,484	1,793,237	1,636,357	1,673,498	883,997	2,443	407,306	449,576
Public Safety	1,331,243	1,325,863	1,644,075	530,654	2,130,108	2,913,453	3,626,106	4,367,236	5,070,196	6,333,863
Parks, Recreation, and Culture	2,069,070	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	2,513,188	2,323,266	2,394,591	6,490,793	3,394,843	3,261,957	5,925,631	10,099,339	7,111,492	4,268,508
Capital Grants and Contributions	7,329,039	18,803,409	10,552,053	5,384,258	10,588,796	7,919,866	49,902,595	15,096,214	17,271,353	8,781,966
<b>Total Governmental Activities Programs Revenues</b>	<b>27,474,775</b>	<b>35,311,480</b>	<b>61,369,129</b>	<b>28,774,526</b>	<b>29,585,752</b>	<b>26,930,177</b>	<b>72,050,981</b>	<b>43,799,431</b>	<b>45,465,519</b>	<b>33,980,769</b>
Business-type Activities:										
Charges for Services:										
Water	17,400,811	18,087,734	19,262,475	21,011,522	21,760,554	20,513,065	22,691,199	24,362,608	22,635,754	22,620,952
Sanitation	3,205,435	3,196,587	3,468,690	3,395,857	3,823,429	4,156,658	4,658,606	5,136,684	5,679,129	6,002,322
Mulligans	1,232,458	1,283,966	1,374,806	1,279,072	1,143,210	1,259,293	1,364,483	1,982,142	1,749,122	1,726,914
Operating Grants and Contributions	-	-	-	-	-	-	-	171,236	87,395	277,756
Capital Grants and Contributions	2,386,344	3,689,351	4,547,450	4,758,408	2,075,071	2,226,178	9,417,565	5,524,136	2,900,431	2,259,747
<b>Total Business-type Activities Program Revenues</b>	<b>24,225,048</b>	<b>26,257,638</b>	<b>28,653,421</b>	<b>30,444,859</b>	<b>28,802,264</b>	<b>28,155,194</b>	<b>38,131,853</b>	<b>37,176,806</b>	<b>33,051,831</b>	<b>32,887,691</b>
<b>Total Primary Governmental Program Revenues</b>	<b>51,699,823</b>	<b>61,569,118</b>	<b>90,022,550</b>	<b>59,219,385</b>	<b>58,388,016</b>	<b>55,085,371</b>	<b>110,182,834</b>	<b>80,976,237</b>	<b>78,517,350</b>	<b>66,868,460</b>

\* Administrative Services was not broken out starting in FY 2023. It was combined with General Government.

(Continued)

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(20,295,810)	(17,451,642)	2,856,119	(51,753,861)	(39,755,467)	(53,485,317)	(893,888)	(32,437,005)	(23,497,050)	(47,304,336)
Business-type Activities	5,281,663	7,390,142	8,506,924	8,131,340	7,250,749	6,656,553	13,839,368	9,344,775	5,979,140	3,923,343
Total Primary Government Net Expense	<u>(15,014,147)</u>	<u>(10,061,500)</u>	<u>11,363,043</u>	<u>(43,622,521)</u>	<u>(32,504,718)</u>	<u>(46,828,764)</u>	<u>12,945,480</u>	<u>(23,092,230)</u>	<u>(17,517,910)</u>	<u>(43,380,993)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	21,379,926	21,700,883	22,629,814	22,551,834	23,271,204	24,700,459	27,243,222	27,587,903	25,626,153	27,273,334
Sales and Use Taxes	9,682,273	10,909,154	12,417,683	13,958,648	15,467,338	15,207,236	16,546,021	20,016,998	22,683,696	23,441,152
Energy Sales and Use Tax	3,530,287	3,567,464	3,569,710	3,635,774	3,759,171	3,981,011	4,175,686	4,547,530	4,930,826	6,039,853
Other Taxes	1,093,176	1,138,852	1,892,006	1,936,872	2,048,685	2,061,031	3,394,897	3,591,564	4,008,899	4,119,768
Intergovernmental Pass-Through	-	-	-	-	-	-	-	-	-	8,000,000
Gain (Loss) on Disposition of Capital Assets	47,339	323,617	345,920	198,188	83,163	596,614	730,503	1,896,494	522,459	16,004,265
Investment Earnings	487,295	388,660	884,202	1,212,872	2,675,538	3,432,806	2,812,937	1,413,239	(784,718)	5,033,605
Transfers	157,552	4,909	4,909	(4,000,973)	(107,091)	(4,132,995)	(1,395,091)	461,602	(362,091)	21,909
Total Governmental Activities	<u>36,377,848</u>	<u>38,033,539</u>	<u>41,744,244</u>	<u>39,493,215</u>	<u>47,198,008</u>	<u>45,846,162</u>	<u>53,508,175</u>	<u>59,515,330</u>	<u>56,625,224</u>	<u>89,933,886</u>
Business-type Activities:										
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	-	1,136,136	820,575	306,471	(280,192)	1,650,090
Transfers	(157,552)	(4,909)	(4,909)	4,000,973	107,091	4,132,995	1,395,091	(461,602)	362,091	(21,909)
Total Business-type Activities	<u>(157,552)</u>	<u>(4,909)</u>	<u>(4,909)</u>	<u>4,000,973</u>	<u>107,091</u>	<u>5,269,131</u>	<u>2,215,666</u>	<u>(155,131)</u>	<u>81,899</u>	<u>1,628,181</u>
Total Primary Government	<u>36,220,296</u>	<u>38,028,630</u>	<u>41,739,335</u>	<u>43,494,188</u>	<u>47,305,099</u>	<u>51,115,293</u>	<u>55,723,841</u>	<u>59,360,199</u>	<u>56,707,123</u>	<u>91,562,067</u>
<b>Change in Net Position</b>										
Governmental Activities	16,082,038	20,581,897	44,600,363	(12,260,646)	7,442,541	(7,639,155)	52,614,287	27,078,325	33,128,174	42,629,550
Business-type Activities	5,124,111	7,385,233	8,502,015	12,132,313	7,357,840	11,925,684	16,055,034	9,189,644	6,061,039	5,551,524
Total Primary Government	<u>\$ 21,206,149</u>	<u>\$ 27,967,130</u>	<u>\$ 53,102,378</u>	<u>\$ (128,333)</u>	<u>\$ 14,800,381</u>	<u>\$ 4,286,529</u>	<u>\$ 68,669,321</u>	<u>\$ 36,267,969</u>	<u>\$ 39,189,213</u>	<u>\$ 48,181,074</u>

**CITY OF SOUTH JORDAN**

**Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General Fund										
Nonspendable	\$ 166,613	\$ 527,304	\$ 150,539	\$ 145,704	\$ 70,634	\$ 25,477	\$ 14,050	\$ 34,039	\$ 83,946	\$ 54,373
Restricted	97,525	163,911	733,574	481,571	263,678	283,265	1,705,153	309,159	230,101	293,027
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	230,000	-	378,200	401,382	139,038	269,622	2,411,526	470,787	431,429	312,161
Unassigned	6,788,567	6,788,567	8,369,672	9,279,814	9,818,217	10,166,748	10,166,748	12,876,690	16,303,612	18,368,411
Total General Fund	<u>\$ 7,282,705</u>	<u>\$ 7,479,782</u>	<u>\$ 9,631,985</u>	<u>\$ 10,308,471</u>	<u>\$ 10,291,567</u>	<u>\$ 10,745,112</u>	<u>\$ 14,297,477</u>	<u>\$ 13,690,675</u>	<u>\$ 17,049,088</u>	<u>\$ 19,027,972</u>
All Other Governmental Funds										
Nonspendable	\$ 38,636	\$ 3,932,631	\$ -	\$ -	\$ 2,526	\$ 2,526	\$ -	\$ -	\$ -	\$ -
Restricted	9,717,192	10,940,056	59,056,621	49,598,477	37,762,043	15,297,462	16,608,779	14,334,358	22,751,819	32,718,222
Committed	490,700	-	-	-	-	-	-	-	-	-
Assigned	36,073,318	38,468,133	43,755,366	44,005,861	50,540,689	55,213,540	60,871,746	71,935,553	81,997,377	93,087,655
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<u>\$ 46,319,846</u>	<u>\$ 53,340,820</u>	<u>\$ 102,811,987</u>	<u>\$ 93,604,338</u>	<u>\$ 88,305,258</u>	<u>\$ 70,513,528</u>	<u>\$ 77,480,525</u>	<u>\$ 86,269,911</u>	<u>\$ 104,749,196</u>	<u>\$ 125,805,877</u>

**CITY OF SOUTH JORDAN**

**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<b>Revenues</b>										
Taxes	\$ 35,899,296	\$ 37,403,004	\$ 40,467,075	\$ 42,062,363	\$ 44,529,591	\$ 45,983,944	\$ 51,288,330	\$ 55,741,563	\$ 57,284,316	\$ 60,862,719
Licenses and Permits	3,434,674	2,947,782	3,843,132	3,481,022	3,579,710	3,456,503	4,033,362	5,469,655	4,539,974	2,505,814
Intergovernmental	3,023,580	2,134,027	2,254,258	2,929,794	2,955,803	5,883,824	6,562,403	9,150,490	7,764,064	12,903,576
Charges for Services	9,441,736	9,366,262	9,855,949	9,607,185	9,361,432	10,702,283	10,185,993	11,521,592	13,460,637	15,187,747
Fines and Forfeitures	785,586	902,968	842,865	599,267	601,668	582,999	454,674	510,318	489,175	477,892
Special Assessments	650,673	651,909	787,557	1,039,910	3,093,546	3,045,219	2,991,348	3,805,213	2,759,393	2,174,604
Interest	487,295	388,660	884,199	1,212,872	2,675,538	3,432,805	2,812,937	1,413,239	(784,718)	5,033,605
Impact fees	3,488,334	3,008,561	2,831,187	2,517,660	2,624,781	1,519,359	2,172,757	2,174,529	1,721,224	1,047,491
Miscellaneous	903,152	1,970,798	1,140,720	4,034,162	3,484,076	1,807,204	2,075,080	2,340,569	1,452,025	2,044,268
<b>Total Revenues</b>	<b>58,114,326</b>	<b>58,773,971</b>	<b>62,906,942</b>	<b>67,484,235</b>	<b>72,906,145</b>	<b>76,414,140</b>	<b>82,576,884</b>	<b>92,127,168</b>	<b>88,686,090</b>	<b>102,237,716</b>
<b>Expenditures</b>										
General Government	9,622,956	9,236,326	9,946,197	11,485,501	11,584,209	6,401,608	6,941,039	6,998,265	8,626,306	8,234,251
Administrative Services	-	-	-	-	-	8,755,622	9,658,035	9,820,160	6,046,338	5,795,034
Community Services	-	1,165,684	1,242,376	1,166,694	1,112,654	-	-	-	-	-
Development Services	3,517,569	3,573,768	3,747,832	3,956,533	4,220,898	4,571,159	5,029,802	5,067,446	5,175,938	5,475,618
Public Works	4,852,827	8,004,660	8,634,159	8,979,513	10,661,256	8,627,101	7,935,003	9,322,296	11,274,737	13,657,523
Recreation	-	1,606,161	1,774,055	1,669,889	1,682,459	1,776,639	1,161,265	-	1,605,412	2,086,952
Public Safety	10,383,972	11,042,351	11,471,980	12,763,478	13,494,051	15,770,852	16,477,343	17,683,535	19,733,338	23,101,423
Parks, Recreation, and Culture	3,410,928	-	-	-	-	-	-	-	-	-
Tax Increment Distributions	6,496,362	7,830,105	8,763,836	8,094,887	7,674,396	7,662,757	8,657,583	13,772,350	4,609,613	3,909,608
Developer Reimbursement	-	-	-	24,070,898	5,412,565	11,232,775	192,613	60,663	33,710	269,142
Capital Outlay	7,673,273	6,662,804	9,323,836	8,164,510	14,810,243	16,309,588	20,465,695	14,823,921	10,081,495	9,528,315
Debt Service										
Principal	2,747,919	2,929,432	4,288,796	12,700,917	5,195,712	6,915,000	9,854,000	5,840,000	7,160,415	4,690,707
Interest and Fees	1,354,322	1,249,395	1,317,402	2,695,028	3,033,943	2,920,559	3,009,678	2,967,549	2,717,273	2,647,037
Other	-	-	893,278	339,356	-	-	201,464	-	-	-
<b>Total Expenditures</b>	<b>50,060,128</b>	<b>53,300,686</b>	<b>61,403,747</b>	<b>96,087,204</b>	<b>78,882,386</b>	<b>90,943,660</b>	<b>89,583,520</b>	<b>86,356,185</b>	<b>77,064,575</b>	<b>79,395,610</b>
Excess (Deficiency) of Revenues over Expenditures	8,054,198	5,473,285	1,503,195	(28,602,969)	(5,976,241)	(14,529,520)	(7,006,636)	5,770,983	11,621,515	22,842,106

(Continued)

**CITY OF SOUTH JORDAN**

**Changes in Fund Balances, Governmental Funds (continued)**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>Other Financing Sources (Uses)</b>										
Issuance of Long Term Debt	\$ -	\$ -	\$ 45,710,000	\$ 21,155,000	\$ -	\$ -	\$ 15,130,000	\$ -	\$ 9,700,000	\$ 984,000
Bond Premium	-	-	3,017,490	2,583,013	-	-	2,745,045	-	-	-
Lease Financing	665,000	1,385,000	970,000	-	-	-	-	-	349,677	182,289
Subscription Financing	-	-	-	-	-	-	-	-	-	605,934
Sale of Capital Assets	77,139	354,857	417,777	334,766	767,348	1,324,330	1,046,044	1,949,999	528,597	189,327
Transfers In	10,309,550	9,981,201	10,574,111	9,221,465	14,245,221	10,772,525	16,082,841	23,621,110	20,523,507	17,748,120
Transfers Out	<u>(10,151,998)</u>	<u>(9,976,292)</u>	<u>(10,569,202)</u>	<u>(13,222,438)</u>	<u>(14,352,312)</u>	<u>(14,905,520)</u>	<u>(17,477,932)</u>	<u>(23,159,508)</u>	<u>(20,885,598)</u>	<u>(17,726,211)</u>
Total Other Financing Sources (Uses)	<u>899,691</u>	<u>1,744,766</u>	<u>50,120,176</u>	<u>20,071,806</u>	<u>660,257</u>	<u>(2,808,665)</u>	<u>17,525,998</u>	<u>2,411,601</u>	<u>10,216,183</u>	<u>1,983,459</u>
Net Change in Fund Balances	<u>\$ 8,953,889</u>	<u>\$ 7,218,051</u>	<u>\$ 51,623,371</u>	<u>\$ (8,531,163)</u>	<u>\$ (5,315,984)</u>	<u>\$ (17,338,185)</u>	<u>\$ 10,519,362</u>	<u>\$ 8,182,584</u>	<u>\$ 21,837,698</u>	<u>\$ 24,825,565</u>
*Debt Service as a Percentage of Noncapital Expenditures	10%	9%	11%	17%	13%	13%	19%	12%	15%	10%

\*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
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
2019	5,749,130,083	1,274,440,465	132,225,657	46,569,886	7,109,226,320	1.80	10,747,275,812	66.15
2020	6,439,248,517	1,344,080,064	124,333,301	47,896,490	7,859,765,391	1.74	11,938,464,128	65.84
2021	7,026,822,503	1,280,412,185	148,649,924	50,235,710	8,405,648,902	1.63	12,813,438,828	65.60
2022	8,046,977,181	1,156,476,605	161,751,720	50,875,770	9,314,329,736	1.44	14,385,322,023	64.75
2023	10,476,767,254	1,500,304,539	214,079,871	50,875,770	12,140,275,893	1.43	19,253,652,241	63.05

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 Library	Salt Lake County	Mosquito Abatement	Central Utah Water Conservancy District	Sandy Suburban	South Valley Sewer	Jordan Valley Water Conservancy District	Crescent Cemetery
2014	2.21	2.21	6.70	0.72	3.04	0.02	0.42	0.95	0.37	0.40	0.04
2015	2.08	2.08	6.87	0.75	2.53	0.02	0.41	0.89	0.35	0.40	0.04
2016	1.95	1.95	6.91	0.64	2.64	0.02	0.40	0.80	0.33	0.37	0.04
2017	1.90	1.90	6.42	0.61	2.49	0.02	0.40	0.76	0.32	0.40	0.04
2018	1.88	1.88	6.50	0.56	2.26	0.02	0.40	0.70	0.30	0.40	0.03
2019	1.80	1.80	6.68	0.54	2.16	0.01	0.40	0.64	0.28	0.38	0.03
2020	1.74	1.74	6.57	0.52	2.17	0.01	0.40	0.60	0.27	0.37	0.03
2021	1.63	1.63	6.17	0.47	1.99	0.01	0.40	0.55	0.25	0.37	0.03
2022	1.44	1.44	5.97	0.39	1.63	0.01	0.40	0.40	0.19	0.32	0.02
2023	1.43	1.43	5.74	0.48	1.56	0.01	0.40	0.43	0.20	0.34	0.02

Source: Utah State Property Tax Division - [www.taxrates.utah.gov](http://www.taxrates.utah.gov)

**CITY OF SOUTH JORDAN**

**Principal Property Tax Payers**

Current Year and Ten Years Ago

Taxpayer	2023			2014		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
RiverPark LLC	\$ 285,338,600	1	2.52%	\$ 227,594,800	1	5.29%
eBay Inc	212,661,500	2	1.88	57,034,300	5	1.32
Merit Medical Systems Inc	137,238,350	3	1.21	81,334,077	4	1.89
San Tropez Holdings LLC	110,939,360	4	0.98			
SOJO Station LLC	102,133,380	5	0.90			
VP Daybreak Operations/Investments LLC	98,095,340	6	0.87			
GMC Property Management	81,772,843	7	0.72			
Wal-Mart	60,175,300	8	0.53	52,665,500	6	1.22
Boyer Jordan Heights	58,226,800	9	0.51	130,700,900	3	3.04
Daybreak LLC: Daybreak Rosemeade LLC	55,517,275	10	0.49			
Kennecott				137,750,590	2	3.20
San Tropez Holdings LLC				51,261,002	7	1.19
South Jordan Hotel Ownership				26,250,000	8	0.61
DM Town Center LLC				26,206,000	9	0.61
Sterling Village				25,234,220	10	0.59
<b>Total</b>	<b>\$ 1,202,098,748</b>		<b>10.61%</b>	<b>\$ 816,031,389</b>		<b>18.96%</b>

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
2014	\$ 10,486,896	\$ 10,284,965	98.07	\$ 177,039	\$ 10,462,004	99.76
2015	10,803,390	10,566,323	97.81	122,910	10,689,233	98.94
2016	11,225,475	10,979,400	97.81	119,678	11,099,078	98.87
2017	11,597,117	11,364,805	98.00	118,083	11,482,888	99.02
2018	12,144,354	11,897,337	97.97	163,873	12,061,210	99.32
2019	13,386,528	13,142,262	98.18	155,101	13,297,364	99.33
2020	14,180,819	13,919,275	98.16	120,603	14,039,878	99.01
2021	14,650,720	14,405,738	98.33	135,039	14,540,777	99.25
2022	15,211,153	14,964,513	98.38	94,640	15,059,153	99.00
2023	17,544,719	17,255,636	98.35	-	17,255,636	98.35

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*	2023			2014		
	South Jordan Direct POS	Rank	Percentage of Total Direct POS	South Jordan Direct POS	Rank	Percentage of Total Direct POS
Retail/Grocery	\$ 1,621,530	1	6.84%			
Retail/Grocery	1,349,290	2	5.69			
Auto Sales	1,263,558	3	5.33	\$ 386,676	6	3.88%
Auto Sales	932,857	4	3.94	490,245	3	4.92
Retail/Grocery	913,860	5	3.86	1,339,645	2	13.45
Auto Sales	830,908	6	3.51			
Retail/Grocery	819,966	7	3.46	427,778	5	4.30
Auto Sales	749,589	8	3.16	335,860	7	3.37
Auto Sales	691,410	9	2.92			
Retail/Grocery	683,143	10	2.88			
Undisclosed**				1,461,738	1	14.68
Retail/Grocery				468,276	4	4.70
Utility				327,450	8	3.29
Retail/Grocery				293,576	9	2.95
Auto Sales				202,628	10	2.03
<b>Total</b>	<b>\$ 9,856,111</b>		<b>41.59%</b>	<b>\$ 5,733,872</b>		<b>57.57%</b>

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

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<u>Fiscal Year</u>	<u>South Jordan City Direct Rate</u>	<u>Salt Lake County</u>	<u>State of Utah</u>
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
2019	1.00	1.40	4.85
2020	1.00	1.40	4.85
2021	1.00	1.40	4.85
2022	1.00	1.40	4.85
2023	1.00	1.40	4.85

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									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Water Sales	\$ 15,956,690	\$ 16,591,975	\$ 17,343,573	\$ 18,691,221	\$ 19,188,886	\$ 18,955,811	\$ 21,091,520	\$ 22,560,396	\$ 20,207,460	\$ 21,189,593
Secondary Water Sales	733,424	736,857	735,874	740,236	744,923	799,631	812,433	817,895	838,872	848,083
Other	<u>539,810</u>	<u>597,700</u>	<u>917,128</u>	<u>1,241,932</u>	<u>1,270,597</u>	<u>757,623</u>	<u>787,247</u>	<u>1,155,553</u>	<u>1,676,817</u>	<u>583,276</u>
Total Water Fund Revenue	<u>\$ 17,229,924</u>	<u>\$ 17,926,532</u>	<u>\$ 18,996,575</u>	<u>\$ 20,673,389</u>	<u>\$ 21,204,406</u>	<u>\$ 20,513,065</u>	<u>\$ 22,691,199</u>	<u>\$ 24,533,844</u>	<u>\$ 22,723,149</u>	<u>\$ 22,620,952</u>

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	Sales Tax Increment Bonds	Leases	SBITA	Special Assessment Bond	Subordinate Sales Tax/Tax Increment Bond	Notes Payable	RDA Tax Increment Bond	Water Revenue Bonds	Leases	Municipal Bldg Authority (Mulligans)				
2014	\$ 6,274	\$ 15,715	\$ 616	\$ -	\$ 2,562	\$ -	\$ -	\$ 6,116	\$ 27,849	\$ -	\$ 4,936	\$ 64,069	3.34	\$ 1,089	
2015	5,726	15,172	1,683	-	1,957	-	-	5,179	25,667	-	-	55,385	2.89	941	
2016	5,164	14,028	1,645	-	35,412	14,575	-	4,212	23,360	-	-	98,395	3.98	1,426	
2017	4,581	28,274	790	-	34,486	14,486	-	3,203	20,973	-	-	106,791	4.32	1,547	
2018	3,983	27,365	-	-	33,084	13,787	-	2,149	18,656	-	-	99,024	3.48	1,380	
2019	3,365	26,041	-	-	29,670	13,027	-	1,049	11,529	-	-	84,681	2.76	1,150	
2020	2,732	38,992	-	-	26,771	12,249	-	-	9,292	-	-	90,036	2.68	1,161	
2021	2,079	37,443	-	-	23,512	11,439	-	-	6,949	-	-	81,422	2.01	994	
2022	-	35,833	234	-	20,552	10,600	9,700	-	4,731	30	-	81,680	2.02	997	
2023	-	34,159	318	571	18,703	9,731	10,097	-	2,418	15	-	76,012	1.68	870	

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, 2023

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Salt Lake County*	\$ 117,565,000	6.36%	\$ 7,477,803
Jordan School District	166,397,000	26.32%	43,793,983
Central Utah Water Cons. District	123,254,854	6.36%	<u>7,839,710</u>
Subtotal overlapping debt			59,111,496
City direct debt			<u>73,579,064</u>
<b>Total direct and overlapping debt</b>			<b><u>\$ 132,690,560</u></b>

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.

\* Salt Lake County debt outstanding is from their ACFR as of 12/31/2022

**CITY OF SOUTH JORDAN**  
**Legal Debt Margin Information**  
 Last Ten Fiscal Years  
 (dollars in thousands)

**Legal Debt Margin Calculation for Fiscal Year 2023**

Assessed Value	\$ 12,140,276
Reasonable Fair Cash Value	\$ 19,253,652
Debt Limit (8% of Reasonable Cash Value)	1,540,292
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	<u>-</u>
Legal debt margin	<u>\$ 1,540,292</u>

	Fiscal Year									
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Debt limit										
General (4% Fair Cash Value)	\$ 255,581	\$ 289,409	\$ 320,993	\$ 354,758	\$ 383,732	\$ 429,891	\$ 477,539	\$ 512,538	\$ 575,413	\$ 770,146
Water and Sewer (4% Fair Cash Value)	<u>255,581</u>	<u>289,409</u>	<u>320,993</u>	<u>\$ 354,758</u>	<u>383,732</u>	<u>429,891</u>	<u>477,539</u>	<u>512,538</u>	<u>575,413</u>	<u>770,146</u>
Total 8% Debt Limit	511,162	578,818	641,986	709,515	767,464	859,782	955,078	1,025,076	1,150,826	1,540,292
Total Net Debt Applicable to Limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 511,162</u>	<u>\$ 578,818</u>	<u>\$ 641,986</u>	<u>\$ 709,515</u>	<u>\$ 767,464</u>	<u>\$ 859,782</u>	<u>\$ 955,078</u>	<u>\$ 1,025,076</u>	<u>\$ 1,150,826</u>	<u>\$ 1,540,292</u>
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		Principal	Interest	Coverage
2014	\$ 16,690	\$ 10,311	\$ 6,379	\$ 1,025	\$ 1,268	2.78	\$ 703	\$ 582	\$ 121	1.00	\$ 9,682	\$ 505	\$ 698	8.05
2015	17,927	10,771	7,156	2,125	1,201	2.15	704	605	99	1.00	10,909	530	677	9.03
2016	18,997	11,627	7,370	2,250	1,096	2.20	703	628	75	1.00	12,418	1,130	818	6.37
2017	20,673	14,014	6,660	2,330	981	2.01	1,946	857	1,089	1.00	13,959	1,175	1,155	5.99
2018	21,204	13,067	8,137	2,485	856	2.44	2,407	1,332	1,075	1.00	15,467	1,485	1,670	4.90
2019	20,513	12,961	7,552	2,630	916	2.13	2,091	1,175	916	1.00	15,207	1,860	1,707	4.26
2020	22,691	14,498	8,193	2,035	445	3.30	3,732	2,830	902	1.00	16,546	1,955	1,956	4.23
2021	24,534	16,483	8,051	2,095	342	3.30	4,001	3,190	811	1.00	20,017	2,005	2,069	4.91
2022	22,723	15,412	7,311	1,970	240	3.31	3,584	2,890	694	1.00	22,684	2,095	1,975	5.57
2023	22,621	15,928	6,693	2,065	150	3.02	2,392	1,780	612	1.00	23,441	2,190	1,876	5.77

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 Bond is included in the Sales Tax Bonds 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**					Tax Increment Revenue Bond*				
	Sales and Use Tax	Debt Service			Coverage	Project Revenues	Debt Service			Coverage
		Principal	Interest				Principal	Interest		
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	1,409	1,054	141		1.18
2019	726	610	116		1.00	1,444	1,100	94		1.21
2020	722	625	97		1.00	2,101	1,049	46		1.92
2021	722	645	77		1.00	-	-	-		-
2022	2,094	2,060	34		1.00	-	-	-		-
2023	-	-	-		-	-	-	-		-

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.

\* The City paid off the 2008 RDA Tax Increment and Revenue Bond in fiscal year 2020.

\*\* The City paid off the 2011 MBA Lease Revenue Bond in fiscal year 2022.

**CITY OF SOUTH JORDAN**  
**Demographic and Economic Statistics**  
 Last Ten Calendar Years

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<u>Calendar Year</u>	<u>Population</u>	<u>Personal Income (AGI)</u>	<u>Per Capita Personal Income</u>	<u>Unemployment Rate</u>
2014	58,839	\$ 1,919,374,312	\$ 32,621	3.7
2015	65,150	2,193,367,224	33,666	3.4
2016	69,023	2,471,196,627	35,803	3.2
2017	71,102	2,599,240,800	36,557	3.0
2018	71,732	2,847,443,922	39,696	2.9
2019	73,666	3,069,912,255	41,673	2.7
2020	77,550	3,363,663,604	43,374	4.0
2021	81,914	4,049,320,731	49,434	3.2
2022	86,313	4,085,547,069	47,334	2.4
2023	87,356	4,521,511,727 (1)	51,760	2.7

Population provided by South Jordan Community Development Department.  
 Unemployment Rate - Bureau of Labor Statistics, [www.bls.gov](http://www.bls.gov),  
 not seasonally adjusted, annual average ending June for Salt Lake County.  
 Personal Income - <http://tax.utah.gov/econstats/income/state-returns>  
 In fiscal year 2023 the City started using state return reporting of federal  
 return data due to lack of updates to federal return data.

(1) 2023 Personal Income amounts not available at time of print; estimated  
 based on average of prior years.

**CITY OF SOUTH JORDAN**

**Principal Employers**

Current Year and Ten Years Ago

<u>Employer</u>	<u>2023</u>			<u>2014</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Merit Medical	2,053	1	6.70%	1,317	1	6.03%
Ultradent	1,814	3	5.92%	1,030	3	4.72%
Jordan School District	1,805	2	5.89%	1,252	2	5.74%
Sam's Club/Wal-Mart Supercenter	811	4	2.65%	635	4	2.91%
Cricut	800	5	2.61%			0.00%
Lucid	800	6	2.61%			0.00%
South Jordan City	591	7	1.93%	464	6	2.13%
Willis Towers Watson	544	8	1.78%			0.00%
AdvancedMD	537	9	1.75%			0.00%
Merrick Bank Corporation	472	10	1.54%			0.00%
Rio Tinto			0.00%	524	5	2.40%
Extend Health			0.00%	462	7	2.12%
Dealer Track Systems			0.00%	380	8	1.74%
Morgan Stanley Smith Barney			0.00%	379	9	1.74%
Mediconnect.net, LLC			0.00%	360	10	1.65%
<b>Total</b>	<b>10,227</b>		<b>33.38%</b>	<b>6,803</b>		<b>31.18%</b>

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>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
General government	8.26	10.27	11.25	10.87	9.53	9.62	10.24	10.26	11.44	11.44
Management Services	16.00	16.00	17.00	22.00	22.43	23.50	24.49	24.48	24.49	22.51
Finance	10.40	9.55	9.58	12.13	15.57	19.01	18.03	18.59	19.00	19.00
Planning	6.00	7.00	7.00	7.21	7.15	7.40	7.82	7.60	7.25	8.00
Building	12.00	12.00	13.00	14.00	13.00	13.00	13.00	13.00	14.00	14.00
Legal <sup>2</sup>	6.45	6.52	7.30	5.37	6.39	6.36	6.70	6.68	5.90	6.64
Municipal Court <sup>2</sup>	6.12	6.13	6.00	4.03	5.30	5.00	4.00	5.00	4.00	4.00
Other	25.54	28.02	28.22	29.80	30.01	27.57	26.69	25.71	26.23	27.98
Police										
Officers	50.00	48.00	50.00	51.00	57.00	60.00	62.00	59.00	62.00	68.00
Civilians	14.15	14.58	13.22	15.99	14.43	15.65	14.80	16.93	18.92	19.25
Fire										
Firefighters and Officers	48.56	48.10	48.58	63.22	62.69	61.85	65.36	71.85	81.04	85.95
Civilians	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Refuse Collections	2.00	2.00	3.00	3.00	3.00	3.00	4.00	4.19	5.17	5.00
Other Public Works										
Engineering	17.00	17.00	17.00	17.81	18.04	19.32	18.75	19.24	18.99	19.62
Streets <sup>2</sup>	13.70	14.13	14.33	14.22	17.10	16.16	15.24	15.16	14.00	19.00
Storm Drain <sup>2</sup>	9.00	9.00	9.00	9.00	9.00	10.00	11.00	11.00	11.00	11.00
Other	13.54	14.66	15.73	14.22	15.67	18.00	17.00	18.00	19.00	21.00
Redevelopment	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	58.30	65.07	61.53	64.53	64.66	69.85	60.82	46.96	48.07	59.01
Water	19.07	20.07	21.12	21.42	22.57	21.18	20.50	22.06	24.00	24.00
<b>Total</b>	<b>339.09</b>	<b>351.10</b>	<b>355.86</b>	<b>382.82</b>	<b>396.54</b>	<b>410.47</b>	<b>404.44</b>	<b>399.71</b>	<b>418.50</b>	<b>449.40</b>

Source: The City of South Jordan HR Department

<sup>1</sup> Reporting modified to match actual City budgets, breakout additional functions, and not include seasonal employees.

<sup>2</sup> New function breakout.

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

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Police										
Stations	1	1	1	1	1	1	1	2	2	2
Patrol units	52	52	52	59	65	66	68	69	71	86
Fire Stations	2	2	2	3	3	3	3	4	4	4
Other public works										
Streets (City-maintained miles)	251	265	269	284	296	308	325	342	351	355
Streetlights	5,216	5,463	5,620	5,871	4,947	5,060	6,287	6,589	6,814	6,960
Storm drain (miles)	119	129	134	137	140	142	149	154	157	159
Traffic signals	27	27	27	33	33	39	41	42	43	46
Parks and recreation										
Acreage	400	400	403	404	496	506	506	506	506	506
Playgrounds	20	22	23	23	23	23	23	25	25	26
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Soccer/football fields	9	9	9	9	9	12	12	15	15	15
Basketball/tennis/pickleball courts	12	12	12	12	12	12	26	26	26	26
Fishing ponds	3	3	3	3	3	3	3	3	3	3
Community centers	1	1	1	1	1	1	1	1	1	1
Water										
Culinary water lines (miles)	332	344	351	365	377	387	397	412	456	459
Irrigation water lines (miles)	116	116	122	124	106	107	109	112	116	116
Fire hydrants	3,183	3,327	3,399	3,526	3,642	3,751	3,889	3,973	4,087	4,126
Storage capacity (thou. of gallons)	33,600	33,600	33,600	33,600	38,600	38,600	38,600	38,600	38,600	38,600

Source: The City of South Jordan

**CITY OF SOUTH JORDAN**  
**Operating Indicators by Function/Program**  
 Last Ten Fiscal Years

Function/Program	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government										
Building permits issued	1,501	1,572	2,177	2,166	2,153	2,257	2,582	3,160	2,485	1,942
Building inspections conducted	50,283	59,103	59,604	19,924	32,649	30,910	31,068	37,535	37,663	33,090
Police										
Physical arrests	745	1,001	832	1,012	1,258	1,215	1,148	751	374	585
Parking violations	413	515	474	279	192	285	526	202	341	29
Traffic violations	8,490	10,124	9,229	6,544	5,354	5,296	4,416	1,946	4,012	3,556
Fire										
Emergency responses	2,710	2,998	3,321	6,335	4,580	4,399	4,536	5,894	6,381	6,966
Fires extinguished	79	76	84	118	95	96	121	149	150	114
Inspections	705	850	430	830	1,088	928	1,363	383	423	464
Other public works										
Street resurfacing (miles)	30	42	68	53	57	79	29	39	37	17
Potholes repaired	70	348	134	169	94	135	159	89	76	160
Parks and Recreation										
Athletic field permits issued*	7	8	8	19	19	19	13	17	24	36
Community center admissions*	23,344	24,978	25,363	26,377	30,597	29,067	11,776	2,916	13,747	16,609
Water										
New connections	640	1,301	858	1,242	1,515	1,338	1,150	1,309	967	492
Water main breaks*	74	50	90	35	22	19	16	10	9	88
Average daily consumption (thousands of gallons)	12,170	12,250	12,500	13,800	13,531	13,642	13,115	17,030	14,660	14,760
Peak daily consumption* (thousands of gallons)	31,730	30,670	29,033	34,040	31,760	34,230	36,130	36,834	30,580	32,640

Source: The City of South Jordan

Note: Community Center admissions is an estimate. The Recreation Center was run by Salt Lake County starting in fiscal year 2021.

\* Indicates Estimated Indicators

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# **SUPPLEMENTAL REPORTS**

**City of South Jordan, Utah**  
Supplemental Reports  
For the Fiscal Year Ended June 30, 2023

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# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
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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, 2023, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated November 30, 2023.

### 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.

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## **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  
November 30, 2023



**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**

We have audited the City of South Jordan's ("the City") compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the State Auditor, that could have a direct and material effect on the City for the year ended June 30, 2023.

State compliance requirements were tested for the year ended June 30, 2023 in the following areas:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Justice Court
- Restricted Taxes and Related Revenues
- Government Fees
- Cash Management
- Open and Public Meetings Act

***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 state 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 state compliance requirements referred to above that could have a direct and material effect on a state compliance requirement 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 for each state compliance requirement referred to above. However, our audit does not provide a legal determination of the City's compliance with those requirements.

### ***Opinion on Compliance***

In our opinion, the City of South Jordan, complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

### ***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

November 30, 2023

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