

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 12, 2025**

**NEW ISSUE—Book-Entry-Only Form**

**Ratings: Fitch “AAA”  
Moody’s “Aa2”  
(See “BOND RATINGS” herein.)**

*In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that the interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes. Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See “TAX MATTERS” in this Official Statement.*

**\$42,410,000\***  
**CITY OF SOUTH JORDAN, UTAH**  
**WATER REVENUE BONDS,**  
**SERIES 2025**

**Dated: Date of Initial Delivery**

**Due: November 1, as shown on the inside cover**

The \$42,410,000\* Water Revenue Bonds, Series 2025 are issued as fully registered bonds, and when initially issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as securities depository for the Series 2025 Bonds. Purchases of Series 2025 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Owners of the Series 2025 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds. Interest on the Series 2025 Bonds is payable on May 1 and November 1 of each year, commencing May 1, 2026, by U.S. Bank Trust Company, National Association, as Paying Agent, all as more fully described herein. Payment of the principal of and interest on such Series 2025 Bonds will be made directly to DTC or its nominee. Disbursement of such payments to DTC participants is the responsibility of DTC and disbursement of such payments to the beneficial owners is the responsibility of DTC participants. See “THE SERIES 2025 BONDS—Book-Entry Only System” herein.

The Series 2025 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See “THE SERIES 2025 BONDS—Redemption Provisions” herein.

The proceeds of the Series 2025 Bonds will be used by the City for the purpose of (a) financing improvements to the City’s water system and (b) paying costs of issuance of the Series 2025 Bonds.

**The Series 2025 Bonds are special limited obligations of the City, payable solely from certain net revenues of the City as described herein, moneys, securities and certain funds and accounts pledged therefor in the Indenture between the City and U.S. Bank Trust Company, National Association, as Trustee. The Series 2025 Bonds do not constitute a general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State of Utah or any other agency or other political subdivision or entity of the State of Utah. The City will not mortgage or grant any security interest in the improvements refinanced with the proceeds of the Series 2025 Bonds or any portion thereof to secure payment of the Series 2025 Bonds. See “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS” herein.**

The Series 2025 Bonds are offered when, as and if issued by the City and subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Ryan W. Loose, Esq., City Attorney. It is expected that the Series 2025 Bonds, in book-entry-only form, will be available for delivery to DTC or its agent on or about October 9, 2025.

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision. Capitalized terms used on this cover page and not otherwise defined shall have the meanings assigned to such terms in the body of this Official Statement. This Official Statement is dated [\_\_\_\_], 2025, and the information contained herein speaks only as of that date.

**STIFEL**

\* Preliminary; subject to change.

**\$42,410,000\***  
**CITY OF SOUTH JORDAN, UTAH**  
**WATER REVENUE BONDS,**  
**SERIES 2025**

**MATURITIES, AMOUNTS, INTEREST RATES, AND PRICES OR YIELDS**

<u>Due</u> <u>(November 1)</u>	<u>Principal</u> <u>Amount*</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2026	\$1,265,000			83854P
2027	1,330,000			
2028	1,400,000			
2029	1,470,000			
2030	1,545,000			
2031	1,625,000			
2032	1,705,000			
2033	1,795,000			
2034	1,885,000			
2035	1,985,000			
2036	2,085,000			
2037	2,190,000			
2038	2,305,000			
2039	2,420,000			
2040	2,545,000			
2041	2,675,000			
2042	2,815,000			
2043	2,960,000			
2044	3,120,000			
2045	3,290,000			

[\$ \_\_\_\_\_ % Term Bond Due November 1, 20\_\_; Price \_\_\_\_\_%; CUSIP No. 83854P \_\_\_\_\*\*]

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\* Preliminary; subject to change.

\*\* The above-referenced CUSIP number(s) have been assigned by an independent company not affiliated with the parties to this bond transaction and are included solely for the convenience of the holders of the Series 2025 Bonds. None of the City, the Trustee or the Underwriter is responsible for the selection or uses of such CUSIP numbers, and no representation is made as to its correctness on the particular Series 2025 Bonds or as indicated above. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2025 Bond as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities.

The information set forth herein has been obtained from the City, DTC, and other sources that are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made thereafter shall under any circumstances create any implication that there has been no change in the affairs of the City, or in any other information contained herein since the date hereof.

No dealer, broker, salesman or any other person has been authorized by the City or the Underwriter to give any information or to make any representations, other than those contained in this Official Statement, in connection with the offering contained herein, and, if given or made, such information or representations must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy nor shall there be any sale of the Series 2025 Bonds by any person in any jurisdiction in which it is unlawful for such offer, solicitation or sale.

All inquiries relating to this Official Statement and the offering contemplated herein should be directed to the Underwriter. Prospective investors may obtain additional information from the Underwriter or the City which they may reasonably require in connection with the decision to purchase any of the Series 2025 Bonds from the Underwriter.

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, Section 21E of the United States Securities Exchange Act of 1934, as amended, and Section 27A of the United States Securities Act of 1933, as amended. Such statements are generally identifiable by the terminology used such as “plan,” “expect,” “estimate,” “project,” “budget” or other similar words. Forward-looking statements are included in the Official Statement under the captions “INTRODUCTION,” “SECURITY AND SOURCES OF PAYMENT FOR THE BONDS,” “ESTIMATED SOURCES AND USES OF FUNDS,” “FINANCIAL INFORMATION REGARDING THE CITY,” “HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE,” and “RISK FACTORS.” The forward-looking statements in this Official Statement are subject to risks and uncertainties that could cause actual results to differ materially from those expressed in or implied by such statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof.

The Underwriter has provided the following sentence for inclusion in this Official Statement:

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

The yields at which the Series 2025 Bonds are offered to the public may vary from the initial reoffering yields on the inside front cover page of this Official Statement. In connection with this offering, the Underwriter may engage in transactions that stabilize, maintain or otherwise affect market prices of the Series 2025 Bonds. Such transactions, if commenced, may be discontinued at any time.

**THE SERIES 2025 BONDS WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR ANY STATE SECURITIES LAW AND WILL NOT BE LISTED ON ANY STOCK OR OTHER SECURITIES EXCHANGE. THE SERIES 2025 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

The City maintains a website; however, the information presented there is not a part of this Official Statement and should not be relied upon in making an investment decision with respect to the Series 2025 Bonds.

**\$42,410,000\***  
**CITY OF SOUTH JORDAN, UTAH**  
**WATER REVENUE BONDS,**  
**SERIES 2025**

**1600 West Towne Center**  
**South Jordan, Utah 84095**  
**(801) 254-3472**

**CITY COUNCIL**

Mayor .....	Dawn R. Ramsey
Councilmember .....	Patrick Harris
Councilmember .....	Kathie Johnson
Councilmember .....	Jason T. McGuire
Councilmember .....	Donald Shelton
Councilmember .....	Tamara Zander

**CITY ADMINISTRATION**

City Manager .....	Dustin Lewis
Chief Financial Officer .....	Sunil K. Naidu
City Attorney .....	Ryan W. Loose
City Recorder .....	Anna Crookston
Public Works Director .....	Ray Garrison

**TRUSTEE, PAYING AGENT, AND REGISTRAR**

U.S. Bank Trust Company, National Association  
170 South Main Street, Suite 200  
Salt Lake City, Utah 84101  
(801) 534-6051

**MUNICIPAL ADVISOR**

LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700

**BOND AND DISCLOSURE COUNSEL**

Gilmore & Bell, P.C.  
15 West South Temple, Suite 1400  
Salt Lake City, Utah 84101  
(801) 364-5080

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
15 West South Temple, Suite 1090  
Salt Lake City, Utah 84101  
(385) 799-7231

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\* Preliminary; subject to change.



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**OFFICIAL STATEMENT**  
**RELATING TO**  
**\$42,410,000\***  
**CITY OF SOUTH JORDAN, UTAH**  
**WATER REVENUE BONDS,**  
**SERIES 2025**

**INTRODUCTION**

This Official Statement, including the cover page, introduction, and appendices, provides information in connection with the issuance and sale by the City of South Jordan, Utah (the “City”) of its \$42,410,000\* Water Revenue Bonds, Series 2025 (the “Series 2025 Bonds”), initially issued in book-entry form only. This introduction is not a summary of this Official Statement. It is only a brief description of and guide to and is qualified by more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2025 Bonds to potential investors is made only by means of the entire Official Statement.

See also the following appendices attached hereto: APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024; APPENDIX B—FORM OF GENERAL INDENTURE; APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY; APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING; APPENDIX E—FORM OF OPINION OF BOND COUNSEL; and APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM.

**The City**

The City, incorporated in 1935, covers an area of approximately 25.74 square miles and is located in the southwest portion of Salt Lake County, Utah (the “County”). The U.S. Census Bureau estimated the City’s 2024 population as 86,156. For additional information regarding the City, see “THE CITY”; “FINANCIAL INFORMATION REGARDING THE CITY”; “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024”; and “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY” herein.

**Authorization and Purpose of the Bonds**

The Series 2025 Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended (the “Act”), and other applicable provisions of law; (ii) a resolution adopted by the City Council of the City (the “City Council”) on August 5, 2025 (the “Resolution”); and (iii) a General Indenture of Trust dated as of October 1, 2025 (the “General Indenture”), as supplemented by a First Supplemental Indenture of Trust dated as of October 1, 2025 (the “First Supplemental Indenture” and together with the General Indenture, the “Indenture”) each by and between the City and U.S. Bank Trust Company, National Association, as trustee (the “Trustee”).

The proceeds from the sale of the Series 2025 Bonds will be used by the City (a) to finance all or a portion of improvements to the System including, but not limited to, (i) a water tank to help meet current demand and support future growth on the west side of the City, (ii) expansion of the Water Annex Building to increase storage space for inventory and equipment, and (iii) a new west side public works facility to alleviate space limitations, improve service level response times, and support the continued growth of the City and the Public Works Department, and related improvements (collectively, the “Series 2025 Project”) and (b) to pay costs of issuance of the Series 2025 Bonds. See “SERIES 2025 PROJECT” and “ESTIMATED SOURCES AND USES OF FUNDS” herein.

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\* Preliminary; subject to change.

## **Security and Source of Payment**

The Bonds (as hereinafter defined), including the Series 2025 Bonds, are payable from and secured solely by a pledge and assignment of the Net Revenues from the City's water system (the "System"), Other Available Funds (as hereinafter defined), and moneys on deposit in the funds and accounts (other than the Rebate Fund) held by the Trustee under the Indenture. The Revenues of the System will be applied to pay the Operation and Maintenance Expenses of the System before being applied to pay principal of and interest on the Bonds. The Series 2025 Bonds are limited obligations of the City, payable solely from the Net Revenues of the System, as described herein. The Series 2025 Bonds are not general obligations of the City or the State of Utah (the "State") or any agency, instrumentality, or political subdivision thereof. The issuance of the Series 2025 Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Series 2025 Bonds. The City will not mortgage or grant a security interest in the System or any portion thereof to secure payment of the Series 2025 Bonds. See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS" herein.

## **Initial Bonds; Additional Bonds**

The Series 2025 Bonds are the initial Series of Bonds to be issued under the General Indenture. The City may issue Additional Bonds payable on a parity with the Series 2025 Bonds upon complying with certain requirements set forth in the Indenture. Such Additional Bonds, together with the Series 2025 Bonds are sometimes collectively referred to herein as the "Bonds." See "SECURITY AND SOURCES OF PAYMENT FOR THE BONDS—Additional Bonds" herein. The City does not currently plan to issue any Additional Bonds within the next three years but reserves the right to do so as its capital needs require.

## **Redemption Provisions**

The Series 2025 Bonds are subject to optional [and mandatory sinking fund] redemption prior to maturity. See "THE SERIES 2025 BONDS—Redemption" herein.

## **Registration, Denominations and Manner of Payment**

The Series 2025 Bonds are issuable only as fully registered bonds without coupons and, when initially issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Series 2025 Bonds. Purchases of Series 2025 Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC Participants. Beneficial Owners of the Series 2025 Bonds will not be entitled to receive physical delivery of bond certificates so long as DTC or a successor securities depository acts as the securities depository with respect to the Series 2025 Bonds.

Principal of and interest on the Series 2025 Bonds (interest payable May 1 and November 1 of each year, commencing May 1, 2026) are payable by U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent"), to the registered owners of the Series 2025 Bonds. So long as DTC is the registered owner, it will, in turn, remit such principal and interest to its participants, for subsequent disbursements to the Beneficial Owners of the Series 2025 Bonds, as described under "THE SERIES 2025 BONDS—Book-Entry-Only System" herein.

## **Tax Status**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended, the interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes. Bond Counsel expresses no

opinion regarding any other tax consequences relating to ownership or disposition of or accrual or receipt of interest on the Series 2025 Bonds. See “TAX MATTERS” in this Official Statement.

### **Conditions of Delivery, Anticipated Date, Manner and Place of Delivery**

The Series 2025 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of their legality by Gilmore & Bell, P.C., Bond Counsel to the City, and certain other conditions. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed on for the City by Ryan W. Loose, Esq., City Attorney. It is expected that the Series 2025 Bonds will be available for delivery in Salt Lake City, Utah, for deposit with DTC or one of its agents, on or about October 9, 2025.

### **Basic Documentation**

This Official Statement speaks only as of its date, and the information contained herein is subject to change. Brief descriptions of the City, the Series 2025 Bonds, and the Indenture are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references herein to the Indenture are qualified in their entirety by reference to such document, and references herein to the Series 2025 Bonds are qualified in their entirety by reference to the forms thereof included in the Indenture and the information with respect thereto included in the aforementioned document, copies of which are available for inspection at the principal office of the Trustee on or after the delivery of the Series 2025 Bonds. Descriptions of the Indenture and the Series 2025 Bonds are qualified by reference to bankruptcy laws affecting the remedies for the enforcement of the rights and security provided therein and the effect of the exercise of the police power by any entity having jurisdiction. During the period of the offering of the Series 2025 Bonds, copies of the preliminary forms of any of the aforementioned documents will be available from the “contact persons” as indicated below. Also see “APPENDIX B—FORM OF GENERAL INDENTURE” attached hereto. The “basic documentation” which includes the Resolution, the Indenture and other documentation, authorizing the issuance of the Series 2025 Bonds and establishing the rights and responsibilities of the City and other parties to the transaction, may be obtained from the “contact persons” as indicated below.

### **Contact Persons**

The chief contacts for the City concerning the Series 2025 Bonds are:

Sunil K. Naidu, Chief Financial Officer  
City of South Jordan  
1600 West Towne Center Drive  
South Jordan, Utah 84095  
(801) 254-3742  
snaidu@sjc.utah.gov

Additional requests for information may be directed to the City’s municipal advisor:

Laura D. Lewis, Principal  
LRB Public Finance Advisors, Inc.  
41 North Rio Grande, Suite 101  
Salt Lake City, Utah 84101  
(801) 596-0700  
laura@lrbfinance.com

## THE SERIES 2025 BONDS

### General

The Series 2025 Bonds are dated the date of their initial delivery and except as otherwise provided in the Indenture, shall bear interest from said date. Interest on the Series 2025 Bonds will be payable semiannually on May 1 and November 1 of each year, commencing May 1, 2026. The Series 2025 Bonds are issued as fully registered bonds in denominations of \$5,000 or any integral multiple thereof.

The Series 2025 Bonds shall bear interest at the rates and shall mature in each of the years as described on the inside cover page hereof. Interest on the Series 2025 Bonds will be calculated on the basis of a 360-day year consisting of twelve 30-day months.

Interest on the Series 2025 Bonds will be payable by check or draft mailed by the Trustee to the registered owner thereof (initially DTC) as of the Regular Record Date. Principal of and premium, if any, on the Series 2025 Bonds will be payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, Salt Lake City, Utah, as Trustee and Paying Agent, or its successor upon presentation of the Series 2025 Bonds by the registered owners or their duly authorized agents on or after the date of maturity or redemption.

***The Series 2025 Bonds are limited obligations of the City, payable solely from the Net Revenues of the System, as described herein. The Series 2025 Bonds do not constitute a general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in the System or any portion thereof to secure payment of the Series 2025 Bonds. See "SECURITY FOR THE BONDS" herein.***

### Redemption Provisions

Optional Redemption. The Series 2025 Bonds maturing on or prior to November 1, 20\_\_\_\_, are not subject to redemption prior to maturity. The Series 2025 Bonds maturing on or after November 1, 20\_\_\_\_, are subject to redemption prior to maturity at the option of the City in whole or in part on any Business Day on and after November 1, 20\_\_\_\_, at the redemption price of 100% of the principal amount of the Series 2025 Bonds to be redeemed plus accrued interest to the date of redemption (but without premium).

[Mandatory Sinking Fund Redemption. The Series 2025 Bonds maturing on November 1, 20\_\_\_\_, are subject to mandatory sinking fund redemption at a redemption price equal to 100% of the principal amount thereof plus accrued interest thereon to the redemption date on the dates and in the principal amounts as follows:

Mandatory Sinking Fund  
Redemption Date  
(November 1)

Mandatory Sinking Fund  
Redemption Amount

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\* Final Maturity Date

Upon redemption of any Series 2025 Bonds maturing on November 1, 20\_\_\_\_ other than by application of such mandatory sinking fund redemption, an amount equal to the principal amount so redeemed will be credited toward a part or all of any one or more of such mandatory sinking fund redemption amounts for the Series 2025 Bonds maturing on November 1, 20\_\_\_\_, in such order of mandatory sinking fund date as shall be directed by the City.]

Notice of Redemption. In the event any of the Series 2025 Bonds are called for redemption as aforesaid, notice thereof identifying the Series 2025 Bonds to be redeemed will be given by the Trustee, by mailing a copy of the redemption notice by registered or certified mail not less than 30 nor more than 60 days prior to the date fixed for

redemption to the Registered Owner of each Series 2025 Bond to be redeemed at the address shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein, shall not affect the validity of any proceeding for the redemption of any Series 2025 Bond with respect to which no such failure has occurred. Any notice mailed as provided in this paragraph shall be conclusively presumed to have been duly given, whether or not the Registered Owner receives the notice. After the notice shall have been given, the City shall deposit with, or otherwise make available to, the Trustee the funds required for the redemption of the Series 2025 Bonds to be redeemed, including accrued interest to the redemption date, at least five days before the date fixed for such redemption. All Series 2025 Bonds so called for redemption will cease to bear interest after the specified redemption date, provided funds for their redemption are on deposit with the Trustee at that time.

If at the time of mailing of any notice of redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Series 2025 Bonds called for redemption, such notice shall state that such redemption is subject to the deposit of the redemption moneys with the Trustee not later than the opening of business five days prior to the redemption date and that such notice shall be of no effect unless such moneys are so deposited.

**Selection for Redemption.** If fewer than all the Series 2025 Bonds are to be redeemed, the particular Series 2025 Bonds or portions of Series 2025 Bonds to be redeemed shall be selected at random by the Trustee in such manner as the Trustee in its discretion may deem fair and appropriate. In case any Series 2025 Bond shall be redeemed in part only, upon the presentation of such Series 2025 Bond for such partial redemption the City shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the City, a Bond or Bonds of the same series, interest rate, and maturity, in aggregate principal amount equal to the unredeemed portion of such Series 2025 Bond. The portion of any Series 2025 Bond of a denomination of more than \$5,000 to be redeemed will be in the principal amount of \$5,000 or an integral multiple thereof and in selecting portions of such Series 2025 Bonds for redemption, each such Series 2025 Bond shall be treated as representing that number of Series 2025 Bonds of \$5,000 denomination which is obtained by dividing the principal amount of such Series 2025 Bonds by \$5,000.

### **Book-Entry-Only System**

The Series 2025 Bonds originally will be issued solely in book-entry form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry system. So long as such Series 2025 Bonds are held in the book-entry-only system, DTC or its nominee will be the registered owner or Holder of such Series 2025 Bonds for all purposes of the Indenture, the Series 2025 Bonds and this Official Statement. Purchases of beneficial ownership interests in the Series 2025 Bonds may be made in denominations described above. For a description of the book-entry-only system for the Series 2025 Bonds, see "APPENDIX F—PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM."

### **Registration, Transfer and Exchange**

In the event that the book-entry-only system has been terminated, the Series 2025 Bonds, upon surrender thereof at the principal corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee, duly executed by the Bondowner or his duly authorized attorney, may be exchanged for an equal aggregate principal amount of Series 2025 Bonds of the same series, designation, interest rate, and maturity and of any other authorized denominations.

For every such exchange or transfer of the Series 2025 Bonds, the Trustee may make a charge sufficient to reimburse it for any tax or governmental charge required to be paid with respect to such exchange or transfer of the Series 2025 Bonds, but may impose no other charge therefor.

The City and the Trustee shall not be required to issue, transfer, or exchange any Series 2025 Bond after the Regular Record Date with respect to any redemption of such Series 2025 Bond or during a period from and including any Regular Record Date with respect to any interest payment date to and including such interest payment date. The Regular Record Date, for each Interest Payment Date, is the fifteenth day immediately preceding each interest payment date and if such date is not a Business Day, the next preceding day which is a Business Day.

## **SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**

### **General**

The Bonds will be special limited obligations payable from and secured solely by a pledge and assignment of the Net Revenues from the System and moneys on deposit in the funds and accounts (other than the Rebate Fund) held by the Trustee under the Indenture. The Bonds are not general obligations of the City, the State or any agency, instrumentality, or political subdivision thereof. The issuance of the Bonds shall not directly, indirectly, or contingently obligate the City or the State or any agency, instrumentality, or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for the payment of the Bonds.

### **No Debt Service Reserve Requirement**

The Indenture establishes a Debt Service Reserve Fund with respect to Bonds issued under the Indenture. There is no Debt Service Reserve Requirement for the Series 2025 Bonds and no subaccount in the Debt Service Reserve Fund will be funded for the Series 2025 Bonds.

### **Rate Covenant**

The City covenants in the Indenture that while any of the principal and interest payments on the Bonds are outstanding, or any Reserve Instrument Repayment Obligations are outstanding, for all services supplied by the System to the City and to its inhabitants and to all customers of the City with respect to the System within or without the boundaries of the City will be sufficient (i) to pay the System's Operation and Maintenance Expenses and (ii) to provide Net Revenues for each Bond Fund Year which when added to the Other Available Funds for such year shall equal not less than 125% of the Aggregate Annual Debt Service Requirement for such year; plus an amount sufficient to fund the Debt Service Reserve Fund for the Bonds in the time, rate and manner specified in the Indenture; provided that such rates must be reasonable rates for the type, kind, and character of the services rendered. The City agrees that should its annual financial statement made in accordance with the provisions of the Indenture disclose that during the period covered by such financial statement the Net Revenues and Other Available Funds were not at least equal to the above requirement, the City shall request that a Qualified Engineer, independent accountant, or other independent financial consultant make recommendations as to the revision of the rates, charges and fees and that the City on the basis of such recommendations will revise the schedule of rates, charges and fees insofar as is practicable and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues and Other Available Funds as required in the Indenture.

### **Additional Bonds**

No additional indebtedness, bonds or notes of the City payable on a priority to the pledge of Net Revenues for the payment of the Series 2025 Bonds shall be created or incurred without the prior written consent of the owners of 100% of the Outstanding Bonds. In addition, no Additional Bonds or other indebtedness, bonds or notes of the City payable on a parity with the Series 2025 Bonds and the Outstanding Bonds out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred and be continuing under the Indenture on the date of authentication of any Additional Bonds. This provision shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions of the Indenture and (ii) such Event of Default will cease to continue upon the issuance of Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by the City to the effect that the Net Revenues plus Other Available Funds for any Year, for any consecutive 12-month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 125% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds outstanding for said Year; provided, however, that such Net Revenue coverage test set forth above in this subsection (b) shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued under the

Indenture, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith, and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

(c) In the case of Additional Bonds issued to finance a Project, the City shall have delivered to the Trustee a certificate:

(i) setting forth the Estimated Net Revenues as described below (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years, less any Direct Payments, plus Other Available Funds are not less than 125% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of issuing Additional Bonds, "Estimated Net Revenues" shall be determined by the City as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by a Qualified Engineer for the applicable Bond Fund Years as determined in (c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(d) All payments required by the Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds; and

(e) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued under the Indenture, or other obligations of the City (including the funding of necessary reserves and the payment of costs of issuance) and/or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

Under the Indenture, "Other Available Funds" means for any year the amount available throughout the applicable year for transfer from the Rate Stabilization Fund to the Revenue Fund, as designated by the City.



*There are currently no outstanding bonds payable from Net Revenues. The City does not anticipate issuing any series of Additional Bonds during the next three years to finance the costs of capital improvements to the System, but reserves the right to do so.*

### **SERIES 2025 PROJECT**

A portion of the proceeds from the Series 2025 Bonds will be used to finance all or a portion of improvements to the City's water system including, but not limited to, (i) an 8.4-million gallon water tank to help meet current demand and support future growth on the west side of the City, (ii) expansion of the Water Annex Building to increase storage space for inventory and equipment, and (iii) a new west side public works facility to alleviate space limitations, improve service level response times, and support the continued growth of the City and the Public Works Department, and related improvements.

### **ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds for the Series 2025 Bonds are as follows:

#### **Sources of Funds**

Par Amount of Series 2025 Bonds .....	\$
[Net] Original Issue Premium .....	
Total .....	<u>\$</u>

#### **Uses of Funds**

Deposit to Series 2025 Acquisition/Construction Account .....	\$
Costs of Issuance <sup>(1)</sup> .....	
Total .....	<u>\$</u>

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<sup>(1)</sup> Includes municipal advisor fees, legal, rating agency, Trustee fees, underwriting discount and other costs and expenses related to the issuance of the Series 2025 Bonds.

### DEBT SERVICE SCHEDULE

The following table sets forth the debt service schedule for the Series 2025 Bonds. Figures are rounded to the nearest dollar.

<u>Payment Date</u>	<u>Principal*</u>	<u>Interest</u>	<u>Fiscal Year Total</u>
05/01/2026	-		
11/01/2026	\$1,265,000		
05/01/2027	-		
11/01/2027	1,330,000		
05/01/2028	-		
11/01/2028	1,400,000		
05/01/2029	-		
11/01/2029	1,470,000		
05/01/2030	-		
11/01/2030	1,545,000		
05/01/2031	-		
11/01/2031	1,625,000		
05/01/2032	-		
11/01/2032	1,705,000		
05/01/2033	-		
11/01/2033	1,795,000		
05/01/2034	-		
11/01/2034	1,885,000		
05/01/2035	-		
11/01/2035	1,985,000		
05/01/2036	-		
11/01/2036	2,085,000		
05/01/2037	-		
11/01/2037	2,190,000		
05/01/2038	-		
11/01/2038	2,305,000		
05/01/2039	-		
11/01/2039	2,420,000		
05/01/2040	-		
11/01/2040	2,545,000		
05/01/2041	-		
11/01/2041	2,675,000		
05/01/2042	-		
11/01/2042	2,815,000		
05/01/2043	-		
11/01/2043	2,960,000		
05/01/2044	-		
11/01/2044	3,120,000		
05/01/2045	-		
11/01/2045	<u>3,290,000</u>		
TOTAL	<u>\$42,410,000*</u>		

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\* Preliminary; subject to change.  
(Source: The Municipal Advisor.)

## THE SYSTEM

The System is comprised of culinary water facilities and secondary water facilities. The oldest portions of the System are approximately 24 years old. The System serves its customers through approximately 24,489 culinary water connections and 3,769 secondary water connections.

### General–Culinary Facilities

The portion of the System which provides culinary water service to the residents of the City (the “Culinary Facilities”) contains approximately 477 miles of culinary water lines and 189 miles of secondary water lines. The City purchases 100% of its culinary water from the Jordan Valley Water Conservancy District (the “Conservancy District”). The City receives its culinary water from the Conservancy District through 18 delivery points. The Culinary Facilities include eight pressure zones at present, with elevation potential to add an additional zone that is gravity fed. The Culinary Facilities also include nine storage tanks that have an aggregate storage capacity of 38.6 million gallons. The City plans to build an additional storage tank that will add 8.4 million gallons of storage capacity to the Culinary Facilities (the construction start date of this tank has not yet been determined).

### The Water Purchase Agreement for Culinary Water

The City receives 100% of its culinary water from the Conservancy District pursuant to a Water Purchase Agreement, as amended (the “Water Purchase Agreement”), between the City and the Conservancy District. Pursuant to the Water Purchase Agreement the Conservancy District agrees to sell and deliver and the City agrees to annually buy the amounts of water set forth below:

<u>Year</u>	<u>Minimum Amount (Acre Feet)</u>
2025	18,000
2024	17,166
2023	16,333*
2022	18,000
2021	14,200
2020	14,200
2019	14,200
2018	14,200
2017	14,200
2016	11,903
2015	11,903

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\* The Conservancy District permitted the City to adjust the minimum contract in fiscal year 2023 to match decreased usage from weather and drought conditions.

The Conservancy District must deliver the minimum amounts set forth above and the City has the right to purchase more water than the volume amounts set forth above. However, the City cannot increase its annual demand above the allocated amount by more than twenty percent of the City’s allocation annually, without first receiving the Conservancy District’s express consent.

The City pays an average of \$597.00 per acre-foot of water. All amounts are billed monthly and are due within 30 days. The Water Purchase Agreement is perpetual in nature although the parties thereto have the right to mutually modify or cancel the Water Purchase Agreement at any time.

The following table sets forth the amount of culinary water purchased from the Conservancy District and the amount paid to the Conservancy District for the years shown:

<u>Calendar Year</u>	<u>Water Purchases (acre-feet)</u>	<u>Cost of Purchased Water</u>
2024	18,291	\$11,055,701
2023	16,372	9,408,052
2022	16,535	8,430,556
2021	16,423	9,462,270
2020	19,078	10,111,445
2019	15,175	8,007,924
2018	16,729	8,845,906
2017	15,157	8,062,280
2016	15,089	7,778,001
2015	14,003	6,846,011

The Conservancy District has always met the water demands of the City and has never failed to deliver water when requested by the City.

The Conservancy District is one the largest municipal water district in the State of Utah by volume of water delivered and operates primarily as a wholesale provider of water to 19 customer agencies that include various cities, water companies and improvement districts that serve a population of approximately 900,000 persons. Approximately 90% of the water delivered by the Conservancy District in fiscal year 2024 was sold to its wholesale customers. The Conservancy District also supplies water on a retail basis to approximately 45,000 persons through approximately 8,500 service connections, primarily in unincorporated areas of Salt Lake County.

The Conservancy District and its wholesale customers provide water utility service to the majority of the residents of Salt Lake County, the most populous county in the State of Utah. The Conservancy District operates its water utility system with a high degree of coordination with the water utilities operated by its wholesale customers, as well as those of Salt Lake City and the Metropolitan Water District of Salt Lake City (the “Metropolitan District”), which provides wholesale water supplies to Salt Lake City and Sandy City. The Conservancy District also plays an important role in water resource planning, development and management within the Salt Lake County area.

The Conservancy District derives its water supply from (1) various property rights in ground and surface water sources, (2) contractual rights to the water made available by the Central Utah Project and certain other water storage projects, primarily from the Jordanelle and Deer Creek Reservoirs and (3) purchases from time to time of water supplies made available by various entities such as the Metropolitan District. The Conservancy District’s property rights and contractual rights provide specified annual quantities of water, subject to sufficient water being available.

### **Unaccounted Culinary Water**

The table below shows the annual percentage of produced culinary water in the System that fails to reach customers and cannot otherwise be accounted for through authorized usage. Such “unaccounted water” is the difference between the volume of culinary water distributed for use by customers and the volume of water actually billed. Such unaccounted water is primarily attributed to leakage, metering inaccuracies, and unauthorized consumption. As discussed in the following section “Investment in System Integrity,” the City has invested in upgrades to meter network to reduce the amount of unaccounted water in the System.

<u>Calendar Year</u>	<u>% Unaccounted Water</u>
2024	2.1%
2023	6.9
2022	8.0
2021	3.8
2020	4.9
2019	2.4
2018	3.2
2017	2.6
2016	5.9
2015	2.5
<i>Average:</i>	<i>4.2%</i>

### **Investment in System Integrity**

In 2014 the City funded and installed the first phase of its culinary water meter reading fixed network. This new meter reading technology upgrade allows for near real-time monitoring of culinary water consumption for each meter in the System. Additionally, the technology allows for System operators to receive autonomous notifications of leaks in the Culinary Facilities, both in the City's System and in customer systems; meter tampering events where System customers attempt to remove a meter to obtain "free" water; and notification when a customer turns on a water service that has been turned off and locked out for non-payment. Before the fixed network system was implemented, catching these events took months. Now, City staff are notified within 24 hours of such an event and measures are taken to remedy these types of issues. Use of this technology has resulted in enhanced revenue protection. In early 2017, the final phase of the fixed network system installation was completed. All City culinary water residential customers are now on the fixed network system. The City has also added a new full-time employee to monitor the System daily and meet with affected residents so leaks can be fixed quickly.

### **General-Secondary Facilities**

The portion of the System which provides secondary water service to the residents of the City (the "Secondary Facilities") contains approximately 189 miles of secondary water lines. Secondary water is distributed through the System in one of two ways: (i) a pump station which supplies secondary water to 421 homes (one home is equal to an equivalent residential unit ("ERU")) or (ii) a gravity feed system which supplies secondary water to approximately 4,187 homes throughout the City. Secondary water connections are currently available to approximately 5% of the residents of the City. The City requires developers to install secondary water facilities to new developments if related feasibility studies are favorable. The City has also installed secondary water to nine City parks.

## Sources and Supplies of Secondary Water

The City receives its secondary water through the following seven canals (the “Canals”) that extend throughout the boundaries of the City: (i) Welby Jacob Canal, (ii) Utah Lake Distributing Canal, (iii) Utah and Salt Lake Canal, (iv) South Jordan Canal, (v) Beckstead Canal, (vi) Brighton and North Point Canal, and (vii) Daybreak Secondary Water. The City owns the following amount of shares in each Canal:

<u>Canals</u>	<u>Shares</u>
Welby Jacob Canal	2,387
Utah Lake Distributing Canal	733
Utah and Salt Lake Canal	777
South Jordan Canal	762
Beckstead Canal	302
Brighton and North Point Canal	*
Daybreak Secondary Water	<u>486</u>
Total shares owned	<u>5,447</u>

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\* In fiscal year 2018, the City transferred water shares into a separate water right equivalent to 750 shares of 429.3 acres of irrigation.

The secondary water shares described above represent approximately 16,954 acre-feet of water. Of that amount, the City sells approximately 6,253 acre-feet. Because the City’s ownership of secondary water shares exceeds the demand for such water, the City leases excess shares to individuals for agricultural or outdoor watering purposes.

Because the City imports 100% of its drinking water, it has sought additional sources to meet future needs. The City has determined that water reuse could be a viable water resource with appropriate treatment. After extensive research, the City constructed and now operates a water demonstration treatment plant which treats effluent water to drinking water standards. This treatment process is the first of its kind in the State and one of the few in the United States. The City is piloting this process as part of its goal to find an alternative culinary water source for the City, while paving the way for many others in the State as an additional water source. After gathering data for a year, the State Division of Drinking Water Quality provided the taste testing operating permit for the treatment process. The City continues to gather data and has commissioned a feasibility study for a full-scale treatment plant.

The City’s Secondary Water Master Plan indicates that the City has sufficient supplies of water from its existing shares and through its contractual arrangements to provide water to its residents through the build-out of the City.

## Water Rights, Licenses, Permits, Approvals and Environmental Considerations

The City has obtained all necessary state and local licenses, permits and approvals to operate the Culinary and Secondary Facilities of the System.

## Environmental Matters

The System is currently in compliance with the provisions of all environmental laws and regulations applicable to its operations, including, but not limited to, the Safe Drinking Water Act, as amended, and the Utah Safe Drinking Water Act and laws and regulations applicable to disposal of solid and hazardous waste. The System also is in compliance with all environmental, health and safety laws and regulations applicable to the use and disposal of chemicals used by the System to make water drinkable.

## Water Connections

The following table shows the amount of water connections for the years shown:

<u>Fiscal Year</u>	<u>Total Secondary Connections</u>	<u>Total Culinary Connections Residential</u>	<u>Total Culinary Connections Commercial</u>
2025	3,769	25,708	990
2024	3,665	25,126	964
2023	3,674	24,689	923
2022	3,780	24,157	885
2021	3,725	23,183	849
2020	3,702	21,909	814
2019	3,639	20,426	770
2018	3,591	20,224	717
2017	3,509	19,260	670
2016	3,509	18,545	622

## Major Water Users

The major users of the System for the fiscal year ended June 30, 2024 are set forth in the following table.

<u>Entity</u>	<u>Gallons in Thousands</u>	<u>Percent of Total Usage</u>
The City	219,253	3.63%
Jordan School District	137,241	2.27
Daybreak Community Association	93,476	1.55
South Jordan FM Group	59,221	0.98
Merit Medical System	55,304	0.92
Essential Elements Enterprises, LLC	44,110	0.73
eBay, Inc.	43,781	0.72
USU Bastian Agriculture Center	31,873	0.53
Summerlane HOA	28,890	0.48
AMG HB Daybreak Venture LLC	<u>27,218</u>	<u>0.45</u>
Total	<u>740,367</u>	<u>12.26</u>

## System Rates

Culinary Water. The City has full and independent power, as granted by State law, to establish revenue levels and rate design for water service provided by the City. The City is not subject to rate regulation by any state or federal regulatory body, and is empowered to set rates effective at any time. The City bases its water rates on the nature of use of the water by the customer. The City's water rate schedule is described below. The City's last water utility rate study was completed in October 2024.

### Culinary Water Rates

#### Base Rates

<u>Connection Size</u>	<u>Base Fee Multiplier (base fee)</u>	<u>Base Rate</u>
3/4"		\$30.00
1"	\$1.09	32.70
1 1/2"	1.12	33.60
2"	1.23	36.90
3"	1.82	54.60
4"	2.47	74.10
6"	4.27	128.10
8"	6.60	198.00
10"	8.00	240.00

## Volumetric Water Rates

Meter Size	Single Family Connection				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	<u>\$2.21 per Gallon</u>	<u>\$2.49 per Gallon</u>	<u>\$2.77 per Gallon</u>	<u>\$3.05 per Gallon</u>	<u>\$3.32 per Gallon</u>
3/4"	Less than 6,000	6,001 - 17,000	17,001-42,000	42,001-74,000	74,001 +
1"	Less than 7,000	7,001 - 19,000	19,001-46,000	46,001-81,000	81,001 +

Meter Size	Non-Single-Family Connection				
	Tier 1	Tier 2	Tier 3	Tier 4	Tier 5
	<u>\$2.21 per Gallon</u>	<u>\$2.49 per Gallon</u>	<u>\$2.77 per Gallon</u>	<u>\$3.05 per Gallon</u>	<u>\$3.32 per Gallon</u>
3/4"	Less than 12,000	12,001 - 34,000	34,001-84,000	84,001-148,000	148,001 +
1"	Less than 14,000	14,001 - 38,000	38,001-92,000	92,001-162,000	162,001 +
1 1/2"	Less than 24,000	24,001 - 68,000	68,001-168,000	168,001-296,000	296,001 +
2"	Less than 48,000	48,001 - 136,000	136,001-336,000	336,001-592,000	592,001 +
3"	Less than 90,000	90,001 - 225,000	225,001-630,000	630,001-1,110,000	1,110,001 +
4"	Less than 150,000	150,001 - 425,000	425,001-1,050,000	1,050,001-1,185,000	1,185,001 +
6"	Less than 336,000	336,001 - 952,000	952,001-2,352,000	2,352,001-4,144,000	4,144,001 +
8"	Less than 576,000	576,001 - 1,632,000	1,632,001-4,032,000	4,032,001-7,104,000	7,104,001 +
10"	Less than 720,000	720,001 - 2,040,000	2,040,001-5,040,000	5,040,001-8,880,000	8,880,001 +

**Fire Hydrant:** A meter will be supplied by the City upon receipt of a \$2,900 meter deposit. The water user will be charged at the rate of \$4.45 per 1,000 gallons of metered water taken through a fire hydrant. No fire department will be charged for water taken in furtherance of efforts to protect persons or property or to otherwise carry out normal operations of the fire department.

For culinary water service, the City also charges (i) a new service fee of \$17.00 (or a transfer of service fee of \$12.00) for initial connection to the System and (ii) an impact fee for customers connecting to the System. The following table shows the impact fees charged by the City for culinary water service.

### Culinary Water Service-Impact Fees

<u>Connection Size</u> <sup>(1)</sup>	<u>Current Fees</u>
3/4-inch	\$3,107.68
1-inch	5,189.82
1-1/2-inch	10,348.56
2-inch	16,563.91
3-inch	33,158.91
4-inch	51,804.96
6-inch	103,578.85
8-inch	165,732.38

<sup>(1)</sup> Meter size must match connection size.

**Secondary Water.** Secondary water customers are billed monthly at \$19.00 per month for unlimited usage, with an additional \$6.00 per month charged for those customers with pressurized secondary water service.

### Connection and Enforcement of Rates and Charges

The City has adopted rules and regulations (the "City Regulations") which require mandatory connection to the Culinary Facilities by the owner of any property used for human occupancy, employment, recreation or other purposes which is situated within the City's boundaries. Customers are not forced to connect to the Secondary Facilities; however, all customers are charged the monthly service fee for secondary water. The City also requires the



construction of appropriate water facilities by residential developers. The City has also adopted a disconnection policy for nonpayment of bills for water services.

Pursuant to the City's mandatory connection policy, connection to the Culinary Facilities is required within thirty days after the notification period. In the event connection is not made within thirty days, the impact fee is due and payable as if the connection had been made.

Except for certain facilities of the City, all of the City's culinary water customers are metered. Meters are read monthly. Bills for service charges for both secondary and culinary water service are rendered monthly and are due when rendered.

Water bills are considered delinquent if unpaid for 60 days. Water bills that are 60 days overdue, and that are at least \$40 outstanding, will result in water service discontinuation. To re-establish service, the customer must pay the outstanding account in full, including a \$75 reconnection fee.

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## HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE

The following table sets forth certain historical and projected financial information with regard to the System for the fiscal years shown:

	<i>-----Historical-----</i>					<i>-----Projected<sup>2</sup>-----</i>					
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
<i>Operational Revenues</i>											
Connection Fees & other non-user fee charges	\$756,789	\$933,427	\$766,252	\$580,634	\$532,960	\$548,949	\$565,417	\$582,380	\$599,851	\$617,847	\$636,382
User Fees and Charges <sup>1</sup>	21,903,952	23,378,291	21,046,332	22,037,676	23,722,534	24,434,210	25,167,236	25,922,253	26,699,921	27,500,919	28,325,946
Miscellaneous	<u>30,458</u>	<u>222,126</u>	<u>910,565</u>	<u>2,642</u>	<u>12,327</u>	<u>12,697</u>	<u>13,078</u>	<u>13,470</u>	<u>13,874</u>	<u>14,290</u>	<u>14,719</u>
Total Operational Revenues	<u>22,691,199</u>	<u>24,533,844</u>	<u>22,723,149</u>	<u>22,620,952</u>	<u>24,267,821</u>	<u>24,995,856</u>	<u>25,745,731</u>	<u>26,518,103</u>	<u>27,313,646</u>	<u>28,133,056</u>	<u>28,977,047</u>
<i>Operational Expenses</i>											
Costs of Services	12,497,789	14,204,082	12,583,058	12,947,740	14,395,800	14,827,674	15,272,504	15,730,679	16,202,600	16,688,678	17,189,338
General & Administrative	<u>2,000,556</u>	<u>2,278,893</u>	<u>2,828,785</u>	<u>2,980,367</u>	<u>3,098,864</u>	<u>3,191,830</u>	<u>3,287,585</u>	<u>3,386,212</u>	<u>3,487,799</u>	<u>3,592,433</u>	<u>3,700,206</u>
Total Operational Expenses	<u>14,498,345</u>	<u>16,482,975</u>	<u>15,411,843</u>	<u>15,928,107</u>	<u>17,494,664</u>	<u>18,019,504</u>	<u>18,560,089</u>	<u>19,116,892</u>	<u>19,690,398</u>	<u>20,281,110</u>	<u>20,889,544</u>
<i>Non-Operational Revenues &amp; Expenses</i>											
Water Impact Fee	<u>792,786</u>	<u>1,266,987</u>	<u>614,612</u>	<u>440,216</u>	<u>384,870</u>	<u>856,620</u>	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>	<u>725,000</u>
Total Revenue Available For Debt Service	<u>8,985,640</u>	<u>9,317,856</u>	<u>7,925,918</u>	<u>7,133,061</u>	<u>7,158,027</u>	<u>7,832,972</u>	<u>7,910,642</u>	<u>8,126,212</u>	<u>8,348,248</u>	<u>8,576,945</u>	<u>8,812,504</u>
Total Revenue Available For Debt Service (w/o Impact Fees)	<u>8,192,854</u>	<u>8,050,869</u>	<u>7,311,306</u>	<u>6,692,845</u>	<u>6,773,157</u>	<u>6,976,352</u>	<u>7,185,642</u>	<u>7,401,212</u>	<u>7,623,248</u>	<u>7,851,945</u>	<u>8,087,504</u>
<i>Debt Service</i>											
Series 2009	907,729	911,538	908,029	907,435	909,580	—	—	—	—	—	—
Series 2017	2,480,225	2,436,975	2,210,350	2,214,800	2,224,250	—	—	—	—	—	—
Series 2025*	—	—	—	—	—	—	<u>1,202,980</u>	<u>3,377,300</u>	<u>3,377,425</u>	<u>3,379,175</u>	<u>3,377,425</u>
Total Debt Service	<u>3,387,954</u>	<u>3,348,513</u>	<u>3,118,379</u>	<u>3,122,235</u>	<u>3,133,830</u>	—	<u>1,202,980</u>	<u>3,377,300</u>	<u>3,377,425</u>	<u>3,379,175</u>	<u>3,377,425</u>
<b>Debt Service Coverage*</b>	<b>2.65</b>	<b>2.78</b>	<b>2.54</b>	<b>2.28</b>	<b>2.28</b>	—	<b>6.58</b>	<b>2.41</b>	<b>2.47</b>	<b>2.54</b>	<b>2.61</b>
<i>Debt Service Coverage (without Impact Fees)*</i>	<i>2.42</i>	<i>2.40</i>	<i>2.34</i>	<i>2.14</i>	<i>2.16</i>	—	<i>5.97</i>	<i>2.19</i>	<i>2.26</i>	<i>2.32</i>	<i>2.39</i>

1. Secondary water comprises approximately 3% of Revenues.

2. Revenues and Expenses projected at 3% increase per year.

\* Preliminary; subject to change.

(Source: The City and the Municipal Advisor.)

## THE CITY

### General Information

The City, incorporated in 1935, covers an area of approximately 25.74 square miles and is located in the southwest portion of the County. According to the U.S. Census Bureau, the City had an estimated 2024 population of 86,156 residents; the City estimates its current population to be 90,076. The City reports that it is approximately 54% “built out” based upon land use and that based upon current land use and amount of land area, the City will be able to accommodate a population of more than 166,400 persons.

The City is a suburb of metropolitan Salt Lake City within the County and is the fifth city in a line of eight cities located directly south of Salt Lake City along Interstate Highway I-15. These cities constitute a portion of a continuous area of development from the north end of the County through the City. The City is located approximately 15 miles south of metropolitan Salt Lake City and can best be characterized as residential/suburban with a mix of commercial, retail and light industrial businesses. Persons living within the boundaries of the City have the advantages of a smaller community in close proximity to the goods, services and educational, professional, and cultural opportunities of the larger metropolitan areas.

### Form of Government

The City is currently governed by a Mayor and City Council consisting of five persons, elected by district by voters in the City. A measure of continuity is provided in the City Council by the election of the council members to four-year overlapping terms. Duties of the council members include the responsibility for all City affairs in general. The City Council must approve and may revise the budget of any City department or elected official. The City Council serves as the legislative body of the City and appropriates funds for the various City functions. The City Council is the tax levying body, determining the necessary City property tax levy each year. The City Council also licenses and regulates businesses, exhibitions, and recreation within the City area. Other appointed officials are the City Manager, Chief Financial Officer, City Attorney, and City Recorder.

Current members of the City Council and other officers of the City and their respective terms in office are as follows:

<u>Office</u>	<u>Person</u>	<u>Years of Service</u>	<u>Expiration of Term</u>
Mayor	Dawn R. Ramsey	8	January 2026
Council Member	Patrick Harris	9	January 2028
Council Member	Kathie Johnson <sup>(1)</sup>	6	January 2028
Council Member	Jason T. McGuire	8	January 2026
Council Member	Donald Shelton	12	January 2026
Council Member	Tamara Zander	9	January 2028
City Manager	Dustin Lewis <sup>(2)</sup>	2	Appointed
City Attorney	Ryan W. Loose <sup>(3)</sup>	10	Appointed
Chief Financial Officer	Sunil K. Naidu <sup>(4)</sup>	15	Appointed
City Recorder	Anna Crookston	5	Appointed

<sup>(1)</sup> Years of service are non-consecutive.

<sup>(2)</sup> Mr. Lewis has a total of 19 years of service with the City in various positions.

<sup>(3)</sup> Mr. Loose has a total of 19 years of service with the City in various positions.

<sup>(4)</sup> Mr. Naidu has a total of 25 years of service with the City in various positions.

### Employee Workforce and Retirement System

The City currently employs approximately 455 full-time employees and approximately 169 part-time employees for a total employment of approximately 624 employees. The City is a member of the Utah State Retirement Systems and participates in a deferred compensation plan. See “APPENDIX A—AUDITED BASIC

### **No OPEB Liability**

The City does not have any other post-employment benefits liabilities.

### **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 pays the first \$500,000 of each claim as its liability or high deductible. The Travelers' package liability policy takes over additional covered loss up to an aggregate per year of \$10,000,000 when considering both Primary and Umbrella policies. The City also purchases commercial insurance for risks or maintains the risk at the City level. Various additional policies are purchased through an insurance broker to cover theft, damages, and other exposures. A deductible applies to costs 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.

### **Investment of Funds**

Investment of Operating Funds; The Utah Money Management Act. The Utah Money Management Act, Title 51, Chapter 7, Utah Code Annotated 1953, as amended (the “MM Act”) governs the investment of all public funds held by public treasurers in the State. It establishes criteria for investment of public funds with an emphasis on maintaining safety, liquidity, and yield, matching strategy to fund objectives, and matching the term of investments to the availability of funds. The MM Act provides a limited list of approved investments, including qualified in-state and permitted out-of-state financial institutions, approved government agency securities and investments in corporate securities carrying “top credit ratings.” The MM Act also provides for pre-qualification of broker dealers requiring that broker dealers must agree in writing to comply with the MM Act and certify that they have read and understand the MM Act. The MM Act establishes the Money Management Council (the “MM Council”) to exercise oversight of public deposits and investments. The law requires all securities to be delivered via payment to the Treasurer's safekeeping bank. It requires diversification of investments, especially in securities of corporate issuers. Not more than 5% of the portfolio may be invested with any one issuer. Investments in mortgage pools and mortgage derivatives or any security making unscheduled periodic principal payments are prohibited. The MM Act also defines the State's prudent investor rules. The MM Council is comprised of five members appointed by the Governor of the State for terms of four years, after consultation with the State Treasurer and with the advice and consent of the State Senate.

The City is currently complying with all of the provisions of the MM Act for all City operating funds. Approximately 83% of City funds are invested in the Utah Public Treasurers' Investment Fund (“PTIF”), as discussed below.

The Utah Public Treasurers' Investment Fund. The PTIF is a local government investment fund, established in 1981, and managed by the State Treasurer. The PTIF invests to ensure safety of principal, liquidity and a competitive rate of return. All moneys transferred to the PTIF are promptly invested in securities authorized by the MM Act. Safekeeping and audit controls for all investments owned by the PTIF must comply with the MM Act.

All investments in the PTIF must comply with the MM Act and rules of the MM Council. The PTIF invests only in securities authorized by the MM Act including time certificates of deposit, top-rated commercial paper and corporate notes, treasuries and certain agencies of the U.S. Government. The maximum weighted average adjusted life of the portfolio, by policy, is not to exceed 90 days. The maximum final maturity of any security purchased by the PTIF is limited to three years, except that a maximum maturity of five years is allowed for treasury or agency securities whose rate adjusts at least annually.

By law, investment transactions are conducted only through certified dealers, qualified depositories or directly with issuers of the securities. All securities purchased are delivered via payment to the custody of the State Treasurer or the State Treasurer's safekeeping bank, assuring a perfected interest in the securities. Securities owned

by the PTIF are completely segregated from securities owned by the State. The State has no claim on assets owned by the PTIF except for any investment of State moneys in the PTIF. Deposits are not insured or otherwise guaranteed by the State.

Securities in the PTIF include certificates of deposit, commercial paper, short-term corporate notes, obligations of the U.S. Treasury and securities of certain agencies of the U.S. Government. These short-term securities must be rated “first tier” (“A1,” “P1,” for short-term investments and “A” or better for long-term investments) by two nationally recognized statistical rating organizations, one of which must be Moody’s or S&P. These securities represent limited risks to governmental institutions investing with the PTIF. Variable rate securities in the PTIF must have an index or rate formula that has a correlation of at least 94% of the effective Federal Funds rate.

Investment activity of the State Treasurer in the management of the PTIF is reviewed monthly by the MM Council and is audited by the State Auditor. The PTIF itself is not rated.

See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024—Notes to Financial Statements—Note 4. – Cash, Cash Equivalents and Investments.”

### **Additional Information**

For additional information with respect to the City and its finances see “FINANCIAL INFORMATION REGARDING THE CITY,” “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024” and “APPENDIX C—ECONOMIC AND DEMOGRAPHIC INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY.”

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## DEBT STRUCTURE OF THE CITY

### Outstanding Municipal Indebtedness of the City

The following tables set forth the obligations of the City as of September 1, 2025.

#### OUTSTANDING WATER REVENUE BONDS<sup>(1)</sup>

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2025	System Improvements	\$42,410,000*	November 1, 2045	<u>\$42,410,000*</u>
Total Outstanding Water Revenue Bonds .....				<u>\$42,410,000*</u>

<sup>(1)</sup> For purposes of this Official Statement, the Series 2025 Bonds will be considered issued and outstanding.  
\* Preliminary; subject to change.

#### OUTSTANDING SALES TAX REVENUE BONDS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2019	Refunding	\$15,130,000	August 15, 2039	\$10,980,000
2017	Public Structures/Refunding	21,155,000	August 15, 2039	<u>15,085,000</u>
Total Outstanding Sales Tax Bonds .....				<u>\$26,065,000</u>

Note: The City also has a contingent obligation from a subordinate pledge of the City's sales and use taxes in connection with the \$13,035,000 Redevelopment Agency of the City of South Jordan, Utah Subordinate Sales Tax and Tax Increment Revenue Bonds, Series 2015.

#### OUTSTANDING SPECIAL ASSESSMENT BONDS

<u>Series</u>	<u>Purpose</u>	<u>Original Amount</u>	<u>Final Maturity Date</u>	<u>Principal Balance Outstanding</u>
2016	Daybreak No. 1	\$32,675,000	November 1, 2036	<u>\$15,510,000</u>
Total Outstanding Special Assessment Bonds .....				<u>\$15,510,000</u>

### No Defaulted Bonds

The City has never failed to pay principal and interest when due on any of its bonds, notes or other financial obligations.

### Future Debt Plans

The City does not have any current plans to issue Additional Bonds on a parity with the Series 2025 Bonds within the next three years, but reserves the right to do so as its capital needs require. The City currently has no plans to issue other bonds for capital projects but reserves the right to do so as capital needs require and in conformity with existing debt service coverage requirements.

## **Other Financial Considerations**

In fiscal year 2023, the City incurred a \$185,001 note payable to the Utah Risk Management Association (URMA). This payable is a result of insurance claims against the City. This note bears no interest. The City will owe half of the note payable in fiscal year 2025.

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 were used to finance transportation infrastructure projects within the City. The loan was issued with a 1.69% interest rate and a 15-year term. Debt service on the loan is paid from funds received by the City from appropriations from the State for local transportation improvements. As of June 30, 2024, the amount of principal outstanding is \$8,529,197.

As of June 30, 2024, the City had nine active leases. The leases have payments that range from \$885 to \$59,878 and interest rates that range from 0.7270% to 2.2300%. As of June 30, 2024, the total combined value of the lease liability is \$201,447, the total combined value of the short-term lease liability is \$87,604.

See “APPENDIX A—AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR’S REPORT FOR FISCAL YEAR ENDED JUNE 30, 2024—Notes to Financial Statements—Note 8 – Leases – Lease Payables” and “— Note 9 – Long-Term Debt” herein.

## **FINANCIAL INFORMATION REGARDING THE CITY**

### **Five-Year Financial Summaries**

The following tables set forth a summary of certain financial information regarding the City and have been extracted from the City’s financial statements for the fiscal years shown. The following tables themselves have not been audited. The audited financial statements for the City’s fiscal year ended June 30, 2025, are not yet available; however, the City does not expect any materially adverse changes for fiscal year 2025 from the prior year.

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CITY OF SOUTH JORDAN  
Statement of Net Position—Government and Business-Type Activities  
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>					
<i>Current Assets:</i>					
Cash, Cash Equivalents & Investments	\$202,857,540	\$192,322,037	\$163,693,584	\$143,283,088	\$127,221,097
Restricted Cash	1,691,650	3,397,946	3,375,267	7,618,909	13,188,781
Receivables	59,560,008	59,792,084	62,310,464	55,325,414	58,324,068
Inventories	328,338	294,062	220,270	134,612	225,313
Investment in Joint Venture	25,419,201	24,321,812	8,746,257	—	—
Other Assets	—	—	—	4,879,751	4,294,964
Net Pension Asset	1,757,000	1,905,894	11,821,104	2,113,908	942,398
<i>Noncurrent Assets:</i>					
Capital Assets Net of Depreciation:					
Land	115,252,339	112,808,119	111,061,572	106,141,095	102,434,976
Water Shares	18,961,482	18,961,482	18,961,482	18,961,482	18,961,482
Buildings	33,061,895	34,334,290	37,829,447	26,675,218	28,296,580
Right-to-Use Building	43,324	101,089	158,855	—	—
Improvements	292,854,956	291,542,650	291,050,291	283,763,630	264,768,209
Machinery & Equipment	17,719,657	14,258,290	13,519,986	9,647,159	9,812,355
Right-to-Use Machinery & Equipment	139,100	233,723	104,363	—	—
Right-to-Use Subscription Asset	775,832	572,944	—	—	—
Construction in Progress	18,501,769	15,593,702	13,853,016	29,698,928	33,295,938
Right of Way	8,336,389	8,336,389	8,216,956	8,216,956	8,216,956
Total Assets	<u>797,260,480</u>	<u>778,776,513</u>	<u>744,922,914</u>	<u>696,460,150</u>	<u>669,983,117</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	—	135,505	239,076	342,648	446,220
Resources Related to Pensions	10,424,324	7,107,008	4,973,484	3,919,175	4,094,514
<b>LIABILITIES</b>					
<i>Current Liabilities</i>					
Accounts payable	10,095,504	6,362,445	5,372,434	7,971,997	8,451,320
Other Liabilities	9,005,153	9,740,224	8,079,862	7,734,934	7,824,843
Accrued Interest Payable	787,742	790,559	826,407	881,694	954,147
Current Portion of					
Long-Term Obligations	9,008,636	9,493,837	9,010,853	8,364,301	9,082,160
<i>Noncurrent Liabilities</i>					
Noncurrent Portion of					
Long-Term Obligations	64,384,062	70,289,653	76,035,400	75,705,745	83,884,603
Net Pension Liability	6,115,558	4,404,445	—	2,156,559	6,976,911
Total Liabilities	<u>99,396,655</u>	<u>101,081,163</u>	<u>99,324,956</u>	<u>102,815,230</u>	<u>117,173,984</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue - Property Taxes	28,695,768	29,278,000	28,396,441	23,555,757	22,763,246
Deferred Revenue - Leases	1,193,066	1,301,227	1,254,533	—	—
Resources Related to Pensions	217,753	199,242	15,181,224	7,561,879	4,020,483
Total Deferred Inflows	<u>30,106,587</u>	<u>30,778,469</u>	<u>44,832,198</u>	<u>31,117,636</u>	<u>26,783,729</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets	434,273,191	429,174,630	421,808,528	399,815,578	373,431,497
Restricted - Capital Improvement	14,731,492	14,436,730	18,434,693	8,026,269	7,768,107
Restricted - Transportation	7,940,089	16,965,126	14,600,963	2,581,007	1,459,955
Restricted - Construction	—	213	337	3,975,045	9,363,570
Restricted - Debt Service	1,691,650	3,397,733	3,374,930	3,643,864	3,825,211
Restricted - Public Safety	343,866	293,027	230,101	309,159	245,198
Restricted - Pension Assets	1,757,000	1,905,894	—	—	—
Restricted - Water Facility	826,613	826,613	—	—	—
Unrestricted	216,617,660	187,159,428	147,528,768	148,438,185	134,427,600
Total Net Position	<u>\$678,181,561</u>	<u>\$654,159,394</u>	<u>\$605,978,320</u>	<u>\$566,789,107</u>	<u>\$530,521,138</u>

(Source: Extracted from the City's audited financial statements fiscal years ended June 30, 2024-2020. This summary itself is unaudited.)



CITY OF SOUTH JORDAN  
Statement of Revenues, Expenditures and Changes in Fund Balance  
General Fund  
(This summary has not been audited.)

	<i>Fiscal Year Ended June 30,</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
<b>REVENUES</b>					
Taxes	\$48,123,744	\$47,029,956	\$42,892,662	\$38,482,253	\$35,838,974
Licenses & Permits	2,392,468	2,505,814	4,539,974	5,469,655	4,033,362
Intergovernmental	260,397	236,206	3,023,401	5,217,305	5,214,383
Charges for Services	9,099,286	9,076,544	10,573,852	8,929,193	6,821,258
Fines & Forfeitures	493,325	477,892	489,175	510,318	454,674
Interest	6,079,109	3,856,428	(449,612)	468,954	1,104,320
Miscellaneous	<u>781,265</u>	<u>810,062</u>	<u>597,856</u>	<u>561,172</u>	<u>759,649</u>
Total Revenues	<u>67,229,593</u>	<u>63,992,902</u>	<u>61,667,308</u>	<u>59,638,850</u>	<u>54,226,620</u>
<b>EXPENDITURES</b>					
<i>Current</i>					
General Government	7,557,971	7,470,026	6,994,892	6,370,794	5,999,119
Administrative Services	5,969,402	5,795,034	6,046,338	9,820,160	9,619,581
Development Services	5,861,196	5,407,435	5,015,677	4,923,239	4,793,402
Public Works	9,899,931	9,145,282	7,399,485	4,244,654	6,210,776
Recreation	2,231,428	2,007,652	1,605,412	—	—
Public Safety	24,809,568	22,300,798	19,453,079	16,820,424	16,276,391
Capital Outlay and & Projects	32,322	462,297	232,404	282,860	411,627
Debt Service					
Principal	223,387	98,292	115,415	—	—
Interest	<u>24,192</u>	<u>2,030</u>	<u>2,004</u>	<u>—</u>	<u>—</u>
Total Expenditures	<u>56,609,398</u>	<u>52,688,846</u>	<u>46,864,706</u>	<u>42,462,131</u>	<u>43,310,896</u>
Excess Revenues Over Expenditures	<u>10,620,195</u>	<u>11,304,056</u>	<u>14,802,602</u>	<u>17,176,719</u>	<u>10,915,724</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Lease Financing	—	182,289	349,677	—	—
Sale of Capital Assets	233,301	116,377	146,951	74,369	66,512
Transfers In	1,039,705	789,915	1,466,443	757,869	47,968
Transfers Out	<u>(9,166,944)</u>	<u>(10,413,753)</u>	<u>(13,407,260)</u>	<u>(18,615,759)</u>	<u>(7,477,839)</u>
Total Other Financing Sources (Uses)	<u>(7,893,938)</u>	<u>(9,325,172)</u>	<u>(11,444,189)</u>	<u>(17,783,521)</u>	<u>(7,363,359)</u>
Net Change in Fund Balances	2,726,257	1,978,884	3,358,413	(606,802)	3,552,365
Fund Balance - July 1 (Restated)	<u>17,912,685<sup>(a)</sup></u>	<u>17,049,088</u>	<u>13,690,675</u>	<u>14,297,477</u>	<u>10,745,112</u>
Fund Balance - June 30	<u>\$20,638,942</u>	<u>\$19,027,972</u>	<u>\$17,049,088</u>	<u>\$13,690,675</u>	<u>\$14,297,477</u>

<sup>(a)</sup> Fiscal year 2023 Fund Balance was re-stated in fiscal year 2024 to account for implementation of GASB 101 relating to recognition of liabilities for compensated absences.

(Source: Extracted from the City's audited financial statements fiscal years ended June 30, 2024-2020. This summary itself is unaudited.)

## **RISK FACTORS**

The purchase of the Series 2025 Bonds involves certain investment risks. Accordingly, each prospective purchaser of the Series 2025 Bonds should make an independent evaluation of all of the information presented in this Official Statement in order to make an informed investment decision. Certain of these risks are described below; however, it is not intended to be a complete representation of all the possible risks involved.

### **The Series 2025 Bonds are Limited Obligations**

The Series 2025 Bonds are special limited obligations of the City, payable solely from the Revenues, moneys, securities and funds pledged therefor in the Indenture. The Series 2025 Bonds do not constitute a general obligation indebtedness or a pledge of the ad valorem taxing power or the full faith and credit of the City, and are not obligations of the State or any other agency or other political subdivision or entity of the State. The City will not mortgage or grant any security interest in the improvements financed with the proceeds of the Series 2025 Bonds or any portion thereof to secure payment of the Series 2025 Bonds.

### **Climate Change**

Climate change caused by human activities may have adverse effects on the System. As greenhouse gas emissions continue to accumulate in the atmosphere as a result of economic activity, climate change is expected to intensify, increasing the frequency, severity and timing of extreme weather events such as coastal storm surges, drought, wildfires, floods and heat waves, and raising sea levels. The future fiscal impact of climate change on the System is difficult to predict, but it could be significant and it could have a material adverse effect on the City's finances by requiring greater expenditures to counteract the effects of climate change or by changing the business and activities of City customers. The City considers the potential effects of climate change in its planning.

### **Cybersecurity**

The risk of cyberattacks against commercial enterprises, including those operated for a governmental purpose, has become more prevalent in recent years. At least one of the rating agencies factors the risk of such an attack into its ratings analysis, recognizing that a cyberattack could affect liquidity, public policy and constituent confidence, and ultimately credit quality. A cyberattack could cause the informational systems of the City, including those used in the operation of the System, to be compromised and could limit operational capacity, for short or extended lengths of time and could bring about the release of sensitive and private information. Additionally, other potential negative consequences include data loss or compromise, diversion of resources to prevent future incidences and reputational damage. To date, the City has not been the subject of a materially successful cyberattack. The City believes it has made all reasonable efforts to put measures in place to prevent any such attack and that the information systems of the City are secure. However, there can be no assurance that a cyberattack will not occur in a manner resulting in damage to the City's information systems or other challenges. The City has insurance coverage for cyber-liability.

## **LEGAL MATTERS**

### **General**

The authorization and issuance of the Series 2025 Bonds is subject to the approval of legality by Gilmore & Bell, P.C., Bond Counsel to the City. Certain matters relating to disclosure will be passed upon by Gilmore & Bell, P.C., Disclosure Counsel to the City. Certain legal matters will be passed upon for the City by Ryan W. Loose, Esq., City Attorney. The approving opinion of Bond Counsel will be delivered with the Series 2025 Bonds. A copy of the form of the opinion of Bond Counsel is set forth in APPENDIX E of this Official Statement.

### **Absence of Litigation**

A non-litigation opinion issued by Ryan W. Loose, Esq., City Attorney, dated the date of closing, will be provided stating, among other things, that to the best of his knowledge, after due inquiry, no action, suit, proceeding,

inquiry, or any other litigation or investigation at law or in equity, before or by any court, public board or body, has been served on the City or is threatened, challenging the creation, organization, or existence of the City or the titles of its officers to their respective offices or seeking to restrain or enjoin the issuance, sale, or delivery of the Series 2025 Bonds or for the purpose of restraining or enjoining the levy and collection of taxes or assessments by the City, or directly or indirectly contesting or affecting the proceedings or the authority by which the Series 2025 Bonds are issued or the validity of the Series 2025 Bonds or the issuance thereof.

## **TAX MATTERS**

The following is a summary of the material federal and State of Utah income tax consequences of holding and disposing of the Series 2025 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of owners subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2025 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Utah, does not discuss the consequences to an owner under any state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2025 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2025 Bonds.

### **Opinion of Series 2025 Bond Counsel**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the City, under the law existing as of the issue date of the Series 2025 Bonds:

***Federal Tax Exemption.*** The interest on the Series 2025 Bonds (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

***Alternative Minimum Tax.*** Interest on the Series 2025 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2025 Bonds, subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended (the "Code") that must be satisfied subsequent to the issuance of the Series 2025 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2025 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2025 Bonds.

***State of Utah Tax Exemption.*** The interest on the Series 2025 Bonds is exempt from State of Utah individual income taxes.

***No Other Opinion.*** Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2025 Bonds but has reviewed the discussion under the heading "TAX MATTERS."

### **Other Tax Consequences**

***[Original Issue Discount.*** For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Series 2025 Bond over its issue price. The stated redemption price at maturity of a Series 2025 Bond is the sum of all payments on the Series 2025 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Section 1288 of the Code, original issue discount on tax-exempt bonds accrues on a compound basis.

The amount of original issue discount that accrues to an owner of a Series 2025 Bond during any accrual period generally equals (1) the issue price of that Series 2025 Bond, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Series 2025 Bond (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Series 2025 Bond during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Series 2025 Bond. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

**[Original Issue Premium.** For federal income tax purposes, premium is the excess of the issue price of a Series 2025 Bond over its stated redemption price at maturity. The stated redemption price at maturity of a Series 2025 Bond is the sum of all payments on the Series 2025 Bond other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Series 2025 Bond is generally the first price at which a substantial amount of the Series 2025 Bonds of that maturity have been sold to the public. Under Section 171 of the Code, premium on tax-exempt bonds amortizes over the term of the Series 2025 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2025 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2025 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of bond premium.]

**Sale, Exchange, or Retirement of Series 2025 Bonds.** Upon the sale, exchange, or retirement (including redemption) of a Series 2025 Bond, an owner of the Series 2025 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property actually or constructively received on the sale, exchange, or retirement of the Series 2025 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2025 Bond. To the extent a Series 2025 Bond is held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2025 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

**Reporting Requirements.** In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on the Series 2025 Bonds, and to the proceeds paid on the sale of the Series 2025 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

**Collateral Federal Income Tax Consequences.** Prospective purchasers of the Series 2025 Bonds should be aware that ownership of the Series 2025 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, certain applicable corporations subject to the corporate alternative minimum tax, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2025 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2025 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2025 Bonds, including the possible application of state, local, foreign and other tax laws.

Bond Counsel notes that interest on the Series 2025 Bonds may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

## **UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated, as underwriter of the Series 2025 Bonds (the “Underwriter”), has agreed, subject to certain conditions, to purchase all of the Series 2025 Bonds from the City at an aggregate price of \$[ ] (which consists of the principal amount of the Series 2025 Bonds, plus [net] original issue premium of \$[ ] and less an Underwriter’s discount of \$[ ]). The Underwriter has advised the City that the Series 2025 Bonds may be offered and sold to certain dealers (including dealers depositing the Series 2025 Bonds into investment trusts) at prices lower than the initial public offering prices set forth on the inside front cover page of the Official Statement and that such public offering prices may be changed from time to time.

## **BOND RATINGS**

Fitch Ratings (“Fitch”) and Moody’s Investors Service (“Moody’s”) have assigned ratings of “AAA” and “Aa2,” respectively, to the Series 2025 Bonds.

Any explanation of the significance of these outstanding ratings should be obtained from the rating agency furnishing the same. There is no assurance that the ratings given to the outstanding obligations will be maintained for any period of time or that the ratings may not be lowered or withdrawn entirely by the rating agencies if, in their judgment, circumstances so warrant. Any such downward change or withdrawal of such ratings may have an adverse effect on the market price of the Series 2025 Bonds.

## **MUNICIPAL ADVISOR**

The City has entered into an agreement with LRB Public Finance Advisors, Inc. (the “Municipal Advisor”), whereunder the Municipal Advisor provides financial recommendations and guidance to the City with respect to preparation for sale of the Series 2025 Bonds, timing of sale, tax-exempt bond market conditions, costs of issuance and other factors related to the sale of the Series 2025 Bonds. The Municipal Advisor has read and participated in the review of certain portions of this Official Statement. The Municipal Advisor has not audited, authenticated or otherwise verified the information set forth in this Official Statement, or any other related information available to the City, with respect to accuracy and completeness of disclosure of such information, and the Municipal Advisor makes no guaranty, warranty or other representation respecting accuracy and completeness of this Official Statement or any other matter related to this Official Statement.

## **CONTINUING DISCLOSURE UNDERTAKING**

The City has undertaken for the benefit of the Owners and the beneficial owners of the Series 2025 Bonds to provide certain annual financial information and operating data and notice of certain events as enumerated and in the manner set forth in the Continuing Disclosure Undertaking that will be executed and delivered by the City, a form of which is set forth as APPENDIX D, to the Municipal Securities Rulemaking Board’s “EMMA” system, all in order to enable the Underwriter to make the determinations required by Rule 15c2-12 of the Securities and Exchange Commission (the “Rule”). See “APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING” attached hereto and incorporated herein by reference.

Except as noted below, there have been no instances in the previous five years in which the City has failed to comply, in all material respects, with any undertaking previously entered into by it pursuant to the Rule. The City failed to file a notice related to the rating upgrade of its Water Revenue Refunding Bonds, Series 2017. In addition, in certain instances the City’s annual report and certain other financial information were not linked to all of its bond issuances. The City has taken steps to correct both of these items.

A failure by the City to comply with the undertaking will not constitute a default under the Indenture and beneficial owners of the Series 2025 Bonds are limited to the remedies described in the Continuing Disclosure Agreement. A failure by the City to comply with the Continuing Disclosure Agreement must be reported in accordance with the Rule and must be considered by any broker, dealer or municipal securities dealer before recommending the purchase or sale of the Series 2025 Bonds in the secondary market. Consequently, such a failure may adversely affect the transferability and liquidity of the Series 2025 Bonds and their market price. See

“APPENDIX D—FORM OF CONTINUING DISCLOSURE UNDERTAKING” for the information to be provided, the events which will be noticed on an occurrence basis and the other terms of the Continuing Disclosure Agreement, including termination, amendment and remedies.

## **MISCELLANEOUS**

### **Independent Auditors**

The basic financial statements of the City as of June 30, 2024, and for the year then ended, contained in APPENDIX A to this Official Statement, have been audited by Gilbert & Stewart, CPA, PC (“Gilbert & Stewart”), independent auditors, as stated in their report included in APPENDIX A hereto. Gilbert & Stewart has not been asked to consent to the use of its name and audited financial statements in this Official Statement or to perform any procedures in connection with the issuance of the Series 2025 Bonds.

### **Additional Information**

All quotations from and summaries and explanations of the Utah Constitution, statutes, programs, laws of the State of Utah, court decisions, and the Indenture, which are contained herein, do not purport to be complete, and reference is made to said Constitution, statutes, programs, laws, court decisions, and the Indenture for full and complete statements of their respective provisions.

Any statement in this Official Statement involving matters of opinion, whether or not expressly so stated, is intended as such and not as representations of fact.

This Preliminary Official Statement is in a form “deemed final” by the City for the purposes of Rule 15c2-12 of the Securities and Exchange Commission.

The appendices attached hereto are an integral part of this Official Statement and should be read in conjunction with the foregoing material.

The delivery of the Official Statement has been duly authorized by the City.

**CITY OF SOUTH JORDAN, UTAH**

**APPENDIX A**

**AUDITED BASIC FINANCIAL STATEMENTS WITH INDEPENDENT AUDITOR'S REPORT  
FOR FISCAL YEAR ENDED JUNE 30, 2024**

# Annual Comprehensive Financial Report

*For Fiscal Year Ended*

**June 30, 2024**



*City of South Jordan, Utah*

*Prepared by the Finance Department*



**City of South Jordan, Utah**  
Annual Comprehensive Financial Report  
For the Fiscal Year Ended June 30, 2024

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# INTRODUCTORY SECTION

Dawn R. Ramsey, *Mayor*  
Patrick Harris, *Council Member*  
Kathie L. Johnson, *Council Member*  
Donald J. Shelton, *Council Member*  
Tamara Zander, *Council Member*  
Jason T. McGuire, *Council Member*



PH: 801.446-HELP @SouthJordanUT

December 31, 2024

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, 2024, 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 88,535<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 5.1 percent, with revenues from taxes increasing 2.3 percent over the prior year, largely from a 3.2 percent increase in property tax revenue and 3.1 percent from sales and use tax. The City remains cautiously optimistic as Utah's unemployment rate increased slightly in June to 4.1 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

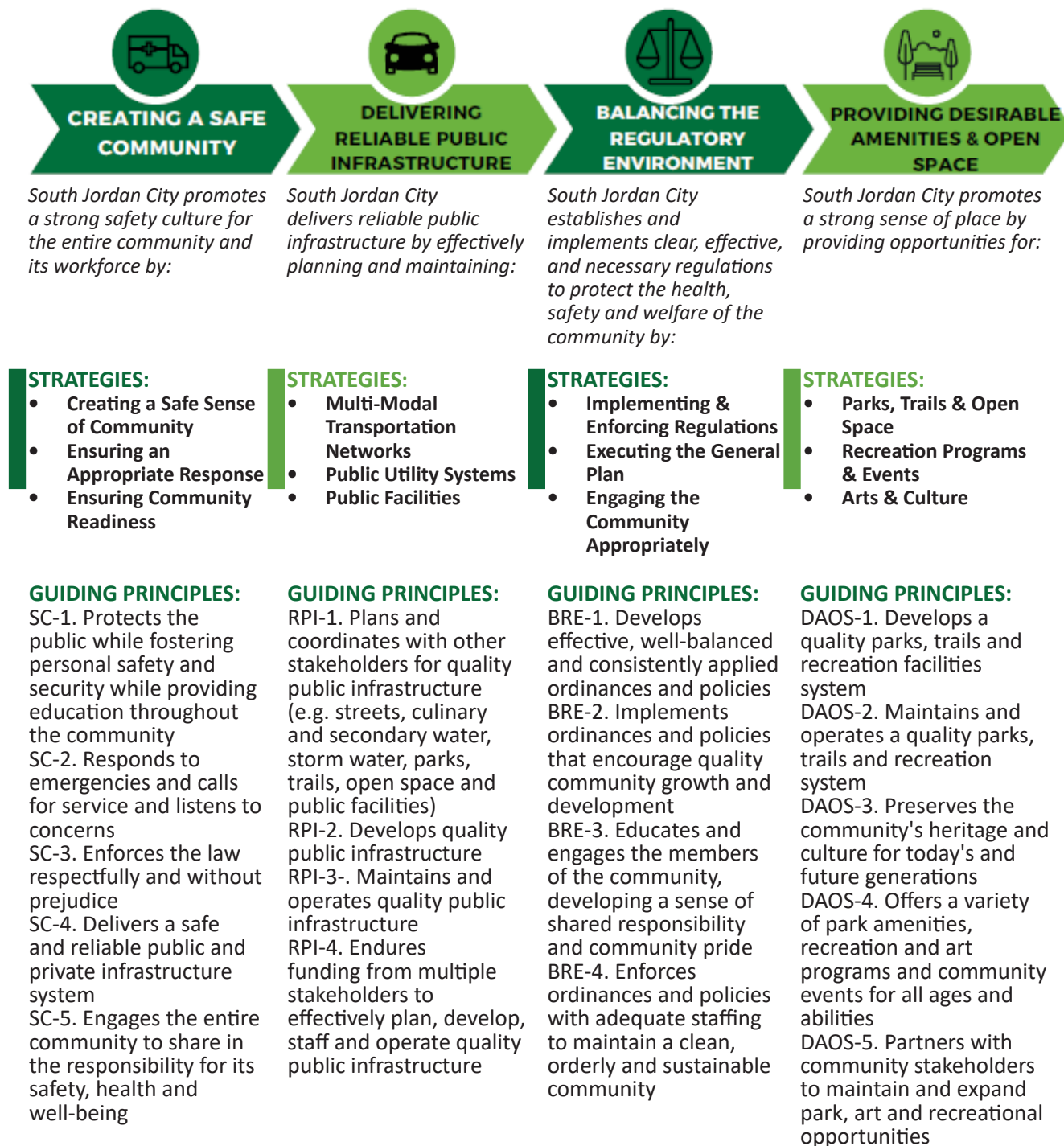
### Our Vision

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 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 2024, the City had several significant new and ongoing projects. Some of these projects are listed below:

1. Park Projects. The City spent \$148,545 on finishing the construction of a new park (Heritage Park). In addition, the City spent \$581,548 on citywide park improvements.
2. Road Projects. The City continued working on multiple road projects during the year, including expenditures for Grandville Avenue of \$2,895,963. In addition, the City spent \$853,393 on South Jordan Parkway and \$719,440 on 10200 South.
3. Storm Drain Projects. The City worked on multiple storm drain projects during the year, including \$943,033 in various storm drain pipeline projects.
4. Vehicle Replacement. The City practice has been to regularly rotate vehicles prior to incurring higher maintenance costs. The City spent approximately \$802,523 on replacing vehicles and purchasing additional equipment.
6. Water Projects. In an effort to maintain an aging water infrastructure, the City spent \$3,601,197 in fiscal year 2024 on water transite pipe replacement projects. In addition, the City spent \$167,092 on the Water Reuse Project.
7. Mulligans Remodel. The City spent \$111,300 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 2024, include the expansion of Salt Lake City Motor Cars, the expansion of Strider Technologies, the addition of 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 107-109) 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 2017 to 2024, the City's governmental funds revenues increased from \$67,484,235 to \$102,197,776. For fiscal year 2024 revenues decreased slightly by \$39,940 over 2023. Expenditures increased from \$79,395,610 to \$96,175,596, increasing slightly when compared to 2023 expenditures. Growth in proprietary fund revenue and expenses increased during this period. Proprietary fund operating revenues increased from \$29,624,632 to \$32,818,355, while operating expenses rose from \$29,011,865 to \$31,778,716.

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, 2024, 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 2024 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 2024.

### **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, 2023. This was the 38th 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, 2023. 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.

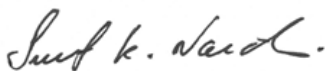
An Award for Outstanding Achievement in Popular Annual Financial Reporting is valid for a period of one year only. The City of South Jordan has received a Popular Award for the last nine consecutive years. The City will be preparing a Popular Annual Financial Report this year and we will be submitting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

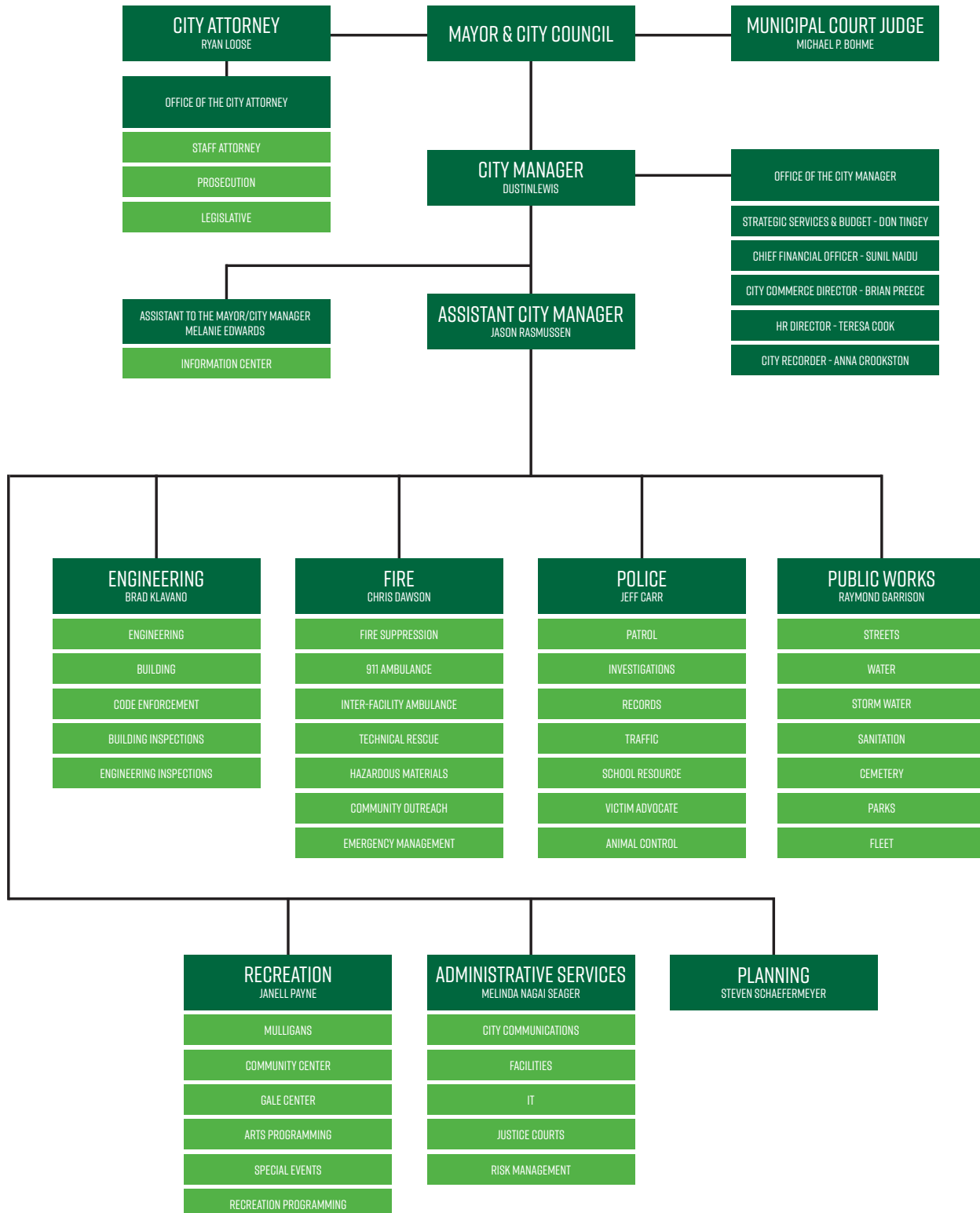
June 30, 2023

*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, 2024

**Elected Officials:**



Mayor Dawn R. Ramsey, Council Member Patrick Harris,  
Council Member Kathie L. Johnson, Council Member Donald J. Shelton,  
Council Member Tamara Zander, Council Member Jason T. McGuire

**Appointed Officials:**

Dustin Lewis .....	City Manager
Jason Rasmussen.....	Assistant 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  
LYNN A. GILBERT, CPA  
JAMES A. GILBERT, CPA  
BEN H. PROBST, CPA  
RONALD J. STEWART, CPA

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

## INDEPENDENT AUDITOR'S REPORT

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

### 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, 2024, 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, 2024 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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45 SOUTH MAIN ST  
HEBER, UT 84032  
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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 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 December 31, 2024, 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

December 31, 2024

## **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, 2024. 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 2024 by \$678,181,561 (net position). Of this amount, \$216,617,660 (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 \$25,224,997. Government activities had an increase in net position of \$18,677,853 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 \$6,547,144 increase to the City's net position, primarily due to increased non-operating revenues from the sale of capital assets and investment earnings, and increased equity investment in the Trans Jordan Landfill.
- As of the close of fiscal year 2024, the City's governmental funds reported combined ending fund balances of \$151,512,731, an increase of \$6,004,169 (4.1 percent). The City saw decreased revenues by \$39,940 in the City's governmental funds when compared to 2023 largely due to decreased revenues from taxes (\$8,279,067) and increased intergovernmental revenue (\$4,391,204). The City also had increased expenditures by \$17,892,273 when compared to 2023.
- At the end of fiscal year 2024, unassigned fund balance of the General Fund was \$19,183,364, or 33 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 29 percent of next year's budgeted revenues.
- The City's total long-term obligations (excluding net pension liability) decreased by \$6,390,792 (8.0 percent). This is largely due to the City making its scheduled principal bond repayments (\$5,460,000). Total long-term debt for governmental activities decreased \$4,067,142 in fiscal year 2024 largely due to the City making its scheduled principal bond repayments (\$3,959,594).

- At the end of fiscal year 2024, the City recognized a total net pension asset of \$1,757,000 (decrease of \$148,894 from fiscal year 2023) and a total net pension liability of \$5,811,135 (increase of \$1,604,441 from fiscal year 2023). 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 2023. More information regarding the City's retirement plans can be found in Note 11, which begins on page 88 and in the Required Supplementary Information, beginning on page 111.

## 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, 2024, the City's combined governmental fund balance is \$151,512,731 (\$38,250 in nonspendable, \$24,295,145 in restricted, \$107,995,973 in assigned, and \$19,183,364 in unassigned fund balances). Additional detail regarding governmental fund balances can be found in Note 1, paragraph 10 starting on page 58 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 111 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 119, and the statistical section begins on page 131 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 \$678,181,561 as of June 30, 2024.

By far the largest portion of the City’s net position (65.3 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, 2024**

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and Other Assets	\$ 229,931,082	\$ 223,828,119	\$ 59,925,653	\$ 56,299,822	\$ 289,856,735	\$ 280,127,941
Net Pension Asset	1,757,000	1,905,894	-	-	1,757,000	1,905,894
Capital Assets	355,822,471	346,733,335	149,824,272	150,009,343	505,646,743	496,742,678
Total Assets	587,510,554	572,467,348	209,749,926	206,309,165	797,260,480	778,776,513
Total Deferred Outflows of Resources	9,015,911	6,821,586	1,408,413	420,927	10,424,324	7,242,513
Long-Term Debt Outstanding	73,079,455	77,146,595	313,243	2,636,895	73,392,698	79,783,490
Net Pension Liability	5,811,135	4,206,694	304,423	197,751	6,115,558	4,404,445.00
Other Liabilities	15,125,604	12,279,595	4,762,795	4,613,633	19,888,399	16,893,228
Total Liabilities	94,016,194	93,632,884	5,380,462	7,448,279	99,396,656	101,081,163
Total Deferred Inflows of Resources	30,057,820	30,766,164	48,767	12,305	30,106,587	30,778,469
Net Investment in Capital Assets	286,119,759	282,676,062	148,153,432	146,498,568	434,273,191	429,174,630
Restricted	26,052,145	34,917,143	1,238,565	2,908,193	27,290,710	37,825,336
Unrestricted	160,280,548	137,296,681	56,337,112	49,862,747	216,617,660	187,159,428
Total Net Position	\$ 472,452,452	\$ 454,889,886	\$ 205,729,109	\$ 199,269,508	\$ 678,181,561	\$ 654,159,394

An additional portion of the City's net position (4.0 percent) represents resources that are subject to external restriction on how they may be used. The remaining balance of \$216,617,660 is considered unrestricted net position, which may be used to meet the government's ongoing obligations to citizens and creditors.

As of June 30, 2024, 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, 2024:

**CITY OF SOUTH JORDAN**

**Summary of Changes in Net Position**

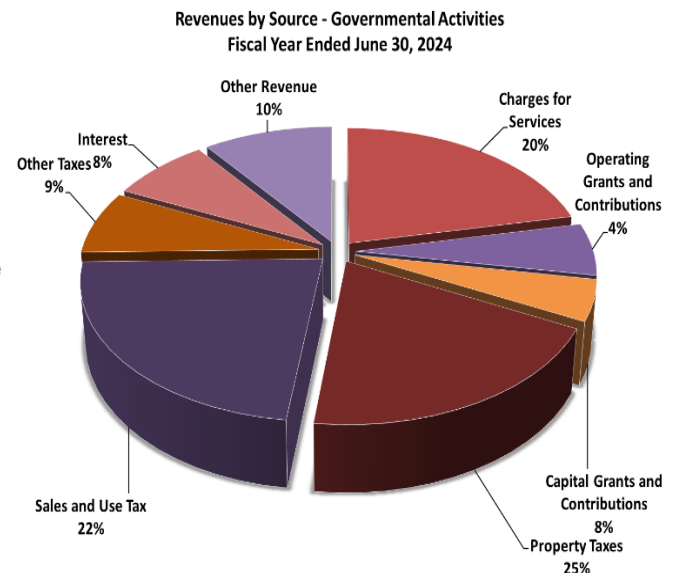
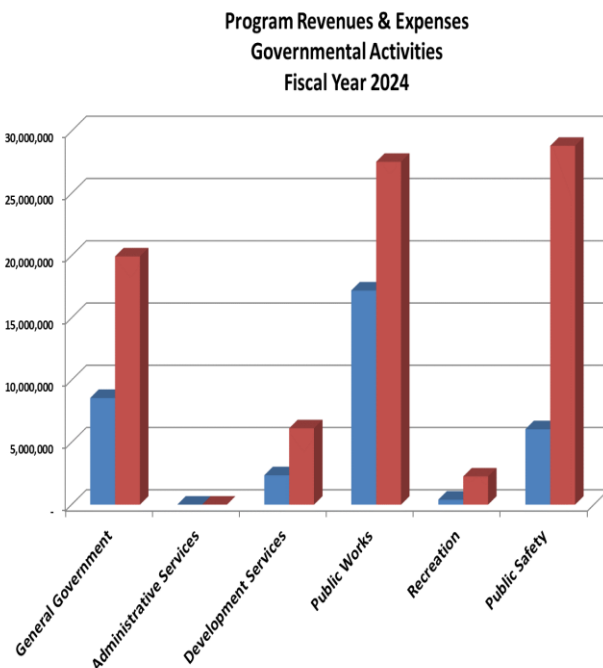
For the Period Ended June 30, 2024

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for Services	\$ 23,052,921	\$ 20,930,295	\$ 33,915,744	\$ 30,350,188	\$ 56,968,665	\$ 51,280,483
Operating Grants and Contributions	6,501,502	4,268,508	158,873	277,756	6,660,375	4,546,264
Capital Grants and Contributions	5,048,628	8,781,966	384,870	2,259,747	5,433,498	11,041,713
General Revenues:						
Property Taxes	20,625,213	27,273,334	-	-	20,625,213	27,273,334
Sales and Use Tax	24,168,573	23,441,152	-	-	24,168,573	23,441,152
Other Taxes	7,922,287	10,159,621	-	-	7,922,287	10,159,621
Other	19,001,013	13,033,605	2,569,843	1,650,090	21,570,856	14,683,695
Total Revenues	106,320,137	107,888,481	37,029,330	34,537,781	143,349,467	142,426,262
Expenses:						
General Government	19,940,078	22,163,294	-	-	19,940,078	22,163,294
Development Services	6,132,504	5,364,271	-	-	6,132,504	5,364,271
Public Works	27,534,575	23,612,585	-	-	27,534,575	23,612,585
Recreation	2,263,785	3,215,199	-	-	2,263,785	3,215,199
Public Safety	28,818,291	24,678,610	-	-	28,818,291	24,678,610
Interest on Long-Term Debt	2,283,208	2,251,146	-	-	2,283,208	2,251,146
Water	-	-	23,316,479	21,756,715	23,316,479	21,756,715
Sanitation	-	-	5,698,608	5,411,796	5,698,608	5,411,796
Mulligans	-	-	1,631,680	1,795,837	1,631,680	1,795,837
Internal Service Fund	-	-	830,510	-	830,510	-
Total Expenses	86,972,441	81,285,105	31,477,277	28,964,348	118,449,718	110,249,453
Gain on Sale of Capital Assets	325,249	16,004,265	-	-	325,249	16,004,265
Increase (Decrease) in Net Position Before Transfers	19,672,945	42,607,641	5,552,053	5,573,433	25,224,998	48,181,074
Transfers	(995,091)	21,909	995,091	(21,909)	-	-
Increase in Net Position	18,677,854	42,629,550	6,547,144	5,551,524	25,224,998	48,181,074
Net Position - Beginning	453,774,599	412,260,336	199,181,965	193,717,984	652,956,564	605,978,320
Net Position - Ending	\$ 472,452,452	\$ 454,889,886	\$ 205,729,109	\$ 199,269,508	\$ 678,181,561	\$ 654,159,394

**Governmental Activities** – Governmental activities increased the City's net position by \$18,677,854. Key elements affecting governmental activities net position are as follows:

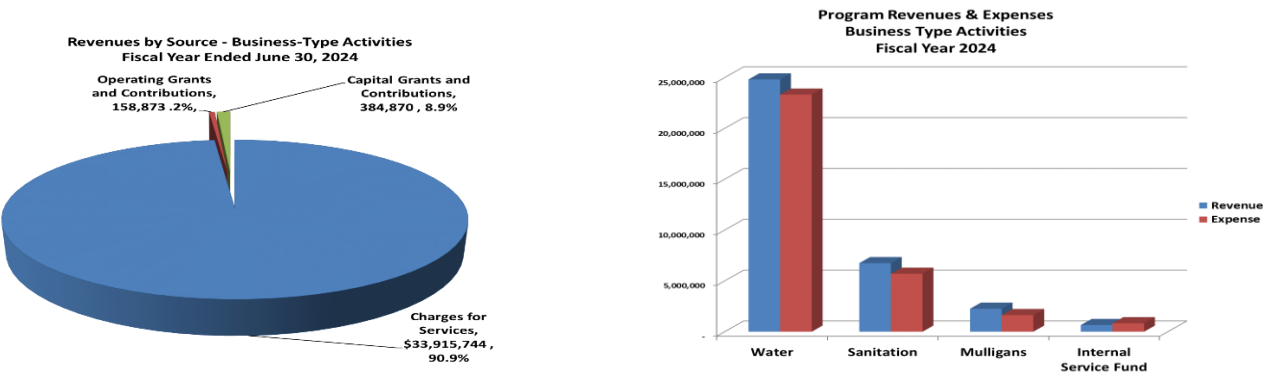
- As of June 30, 2024, the City's governmental activities net position was \$472,452,452, which was an increase of \$18,677,854 over the prior year's net position of \$453,774,599. This is largely attributed to increased revenues from one-time pass through revenue received (\$10,793,278), and increased investment earnings (\$8,207,735).
- In fiscal year 2024, the City's governmental activities expenses increased \$5,687,336 over fiscal year 2023. This increase largely comes from increased salaries and benefits (\$5,023,066) 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 decreased by \$1,568,344 from fiscal year 2023. Operating and Capital grant revenues decreased when compared to fiscal year 2023 largely from decreased federal grants received and decreased donated assets (1,500,344). Tax revenue decreased compared to fiscal year 2023 largely from decreased property tax revenue (\$6,648,121), increased sales tax revenue (\$727,421), and decreased energy sales and use tax (\$2,237,334).
- The City's governmental funds received \$940,917 in impact fee revenue during the fiscal year. This is a decrease of \$106,574 compared to fiscal year 2023, which is largely due to slower growth compared to fiscal year 2023 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 2024, the City's governmental funds completed \$6,442,177 of capital projects, which includes \$4,587,749 of projects that began in prior years. Projects totaling \$12,932,580 were in progress at year end. The most significant projects completed during the year include \$4,466,071 for Heritage Park, new and replacement pipeline purchases (\$943,033), and \$581,548 in citywide park improvements. Donated assets include \$2,023,336 in donated roads, \$437,289 in donated sidewalks, \$1,616,691 in donated storm drain, \$512,117 in donated curb and gutter, and \$459,194 in streetlights.



*Business-Type Activities* – Business-type activities increased the City’s net position by \$5,811,521, which represents an increase of \$259,997 over the previous year’s change. Key elements of the change in business-type net position are as follows:

- During fiscal year 2024, the City’s business-type activities completed \$3,668,863 in capital projects and \$5,569,189 of projects were in progress at year end. Notable completed projects are \$3,668,863 in transit pipe replacement. In addition, \$2,021,614 of donated water lines were capitalized during the fiscal year.
- Water fund operating revenues were more than prior year revenues by \$1,646,869. Cost of service expenses increased by \$1,812,742 largely from increased water purchases (\$1,478,339). Non-operating revenues increased by \$931,695 largely from increased interest earnings from rising interest rates (\$823,443) and a gain on the sale of a capital asset (\$77,125). The City recorded \$384,870 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 \$1,276,945. This increase is due to larger than anticipated interest earnings (\$236,241) and an increase in joint venture (\$1,097,389). Sanitation operating expenses increased by \$327,012 compared to fiscal year 2023. This increase largely comes from increased personnel costs (\$53,017) and rising collection fees (\$268,101) from growth and rising costs.
- Mulligans operating revenues increased by \$528,453 when compared to the prior fiscal year, while fund operating expenses were \$170,800 lower than the prior year. The decrease in expenses is attributed to decreased utility costs (\$29,452) and decreased facility and equipment costs (\$35,025). The Mulligans fund increased overall net position by \$689,126 largely from operating expenses exceeding operating and non-operating revenues.
- In fiscal year 2024 the city created an Internal Service Fund. At the end of fiscal year 2024 the Internal Service Fund had a net position of \$821,817. During the year the Internal Service Fund operating expenses exceed operating revenue by \$177,538.



FUND FINANCIAL ANALYSIS

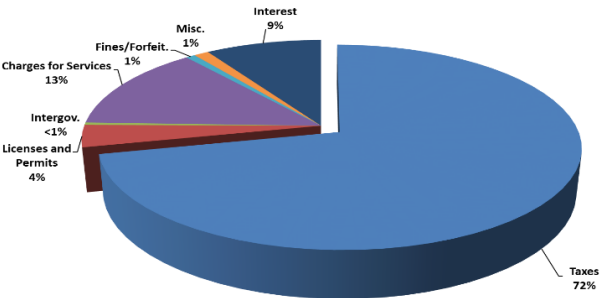
**Governmental Funds** - The focus of the City’s governmental fund statements is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a 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 \$151,512,731. This represents an increase of \$6,004,169 from last year’s ending balances. Of the total fund balance, \$19,183,364 (12.7 percent) constitutes *unassigned fund balance* and therefore available for spending at the City’s discretion. *Assigned fund* balance totals \$107,995,973 (71.3 percent), meaning the City intends to use this amount for specific purposes (debt service, redevelopment agency (RDA), capital projects, storm drain projects, interfacility ambulance services, and municipal building authority (MBA)). Fund balance of \$24,295,145 (16 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 \$38,250, which is classified as *nonspendable* fund balance.

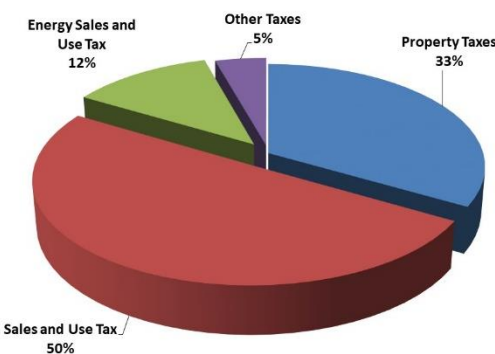
General Fund

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 \$10,620,195 during the year. This was largely due to increased tax revenue (\$1,093,788) and interest earnings (\$2,222,681) when compared to the prior year. In addition, the City’s expenditures were less than expected, coming in under budget by \$4,377,241. In fiscal year 2024, the City saw increased investment earnings (\$2,222,681), property taxes (\$476,401), and increased sales and use taxes (\$727,421) compared to fiscal year 2023. The growth in taxes comes from a passed increase in property tax from fiscal year 2023 and a growing population. The City also received larger than anticipated investment earnings, largely from increased interest rates. The City saw increased ambulance fees charged compared to 2023, largely from the City setting up a special revenue fund for interfacility ambulance service charges, which split out the revenue collected.

Fiscal Year 2024 General Fund Revenue by Source

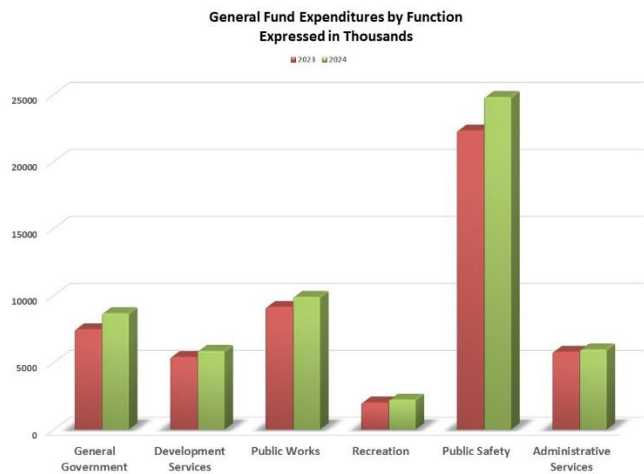


Fiscal Year 2024 General Fund Tax Revenue by Type



The General Fund transferred \$9,166,944 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 2025 for future capital projects. Taxes continue to be the largest source of revenue in the General Fund and represent 71.6 percent of total General Fund revenues. The largest component of tax revenue is sales tax, which represents 50.2 percent of total tax revenues and 35.9 percent of total General Fund revenues. This compares with 36.6 percent of total General Fund revenues in the prior fiscal year ended June 30, 2023.

General Fund expenditures increased during fiscal year 2024 going from \$52,688,846,706 in 2023 to \$57,724,685 in 2024. This increase is largely from increased payroll and benefit expenditures for the City (\$5,023,066). In fiscal year 2024, the following functions saw increased expenditures when compared to the prior fiscal year: general government (\$1,203,232), recreation programs (\$223,776), development services (\$453,761), public works (\$754,649), and public safety (\$2,508,770). In fiscal year 2024, the City provided a 4% cost-of-living adjustment (COLA), a 4% 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 5%. 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 6 additional full-time employees in fiscal year 2024. The City saw an increase of \$5,023,066 in payroll and benefit expenditures in fiscal year 2024 compared to 2023. 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 2024, property tax collections from redevelopment areas decreased by 80.3 percent to a total of \$2,312,135 during the same period. The RDA fund balance increased \$6,536,729 to a total of \$33,103,202. This increase in fund balance is largely attributable to increased investment revenue, and increased intergovernmental revenue. 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 \$4,726,724 (127.4 percent) during fiscal year 2024 to \$8,435,503. Total payments for debt service in the Debt Service Fund decreased \$722,607 (9.9 percent). This decrease was largely due to decreased expenditures for principal and interest payments. The City received more special assessment revenue by \$726,293 compared to fiscal year 2023. This increase is from increased 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 decreased \$6,955,943 from \$92,722,875 to \$85,766,932. This decrease is largely attributable to a decrease in intergovernmental revenues (6,806,555). The City's expenditures increased compared to 2023 largely from increased capital outlay for roads and bridges (9,081,255) in fiscal year 2024. Assigned fund balance increased \$1,774,771 (2.9 percent) to \$63,507,303. This increase is largely attributable to a year end transfer from the General Fund (\$4,818,553) 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 \$12,115,973 was spent on capital projects during the fiscal year. The City has current equipment and construction commitments of \$16,814,032 relating to Capital Project Fund, which are not expected to affect the fund resources available for future use.

Storm Drain revenue was \$94,553 above expectations during fiscal year 2024 mainly due to increased residential and commercial development. In addition, Storm Drain expenditures were down \$186,090 compared to budget, but increased \$223,190 compared to fiscal year 2023. This increase was largely due to capital equipment purchased (\$183,413) and increased salary and wages (\$20,205). The Storm Drain Fund had a transfer out of \$912,941, of which \$910,000 was transferred to the Capital Project Fund for Storm Drain capital projects. These factors led to an increase in Storm Drain Fund balance of \$310,780 (30.2 percent increase). 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 Interfacility Ambulance fund received \$2,754,833 in revenues in fiscal year 2024, which was \$554,833 more than budgeted. This increase came from larger than expected need for services and investment earnings. Interfacility expenditures in fiscal year 2024 were \$865,128, which were \$224,166 less than budgeted. The Interfacility Ambulance Fund had a transfer out of \$1,855,000 to the debt service fund for its portion of debt service payments. The remaining fund balance of \$2,084,659 will be used to purchase and replace additional equipment and expand service offerings.

Fund balance in the Fitness Center Fund decreased from 1,165,726 to 143,080. This decrease was due to a transfer to the Capital Projects fund of 1,022,646. The remaining fund balance will be used for future recreation capital projects.

Fund balance in the Municipal Building Authority fund decreased by 352,436 during the fiscal year. This is due to investment earnings (2,248) and a transfer out to the Debt Service fund (354,684). 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 \$38,285,162 to \$42,104,104 in the Water Fund, increased from \$793,460 to \$1,627,345 in the Mulligans Fund, and increased from \$10,784,125 to \$11,783,846 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 2024, a total of \$5,871,369 of capital assets were added (not including \$4,107,971 of work in progress outstanding at fiscal year-end). The Water Fund decreased its overall liabilities by \$2,185,894; most of this comes from decreased noncurrent liabilities from paying its regularly scheduled debt service payments. The City paid off its 2017 Water Revenue and Refunding bond in fiscal year 2024. The Water Fund has current construction commitments of \$21,239,418 relating to Water Fund capital projects. The water fund collected more operating revenue in fiscal year 2024 by \$1,646,869 largely due to pledged revenues. Pledged revenues increased in fiscal year 2024 by \$1,684,858 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 (\$823,443) and an increase in gain on the sale of capital assets (\$112,867). The City also received \$384,870 in impact fee revenue in fiscal year 2024. 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 pick up both garbage and recycling cans on a weekly basis. The City is responsible for providing and replacing garbage and recycling cans.

Sanitation unrestricted fund balance increased \$999,721 due to its portion of the Trans-Jordan Landfill's increase in net position (\$1,097,389) and greater than anticipated investment earnings (\$236,241), largely due to increased interest rates in the fiscal year. The Sanitation fund added \$230,247 in capital assets. Sanitation had \$0 in current constructions commitment related to Sanitation capital projects.

Mulligans unrestricted fund balance increased \$833,885 due to decreased cost of operations compared to prior year (\$138,590) and increase revenues (\$531,698). During fiscal year 2024, saw a decrease in capital assets \$101,769 (not including \$813,138 in work in progress outstanding). Mulligans had \$333,121 in current equipment and project commitments related to Mulligans capital projects.

The newly created Internal Service Fund had an ending unrestricted fund balance of \$821,817. This is due mainly to a transfer from the general capital improvement fund (1,000,000).



## GENERAL FUND BUDGETARY HIGHLIGHTS

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During the fiscal year, General Fund budgeted expenditures were amended from an original budget total of \$60,560,793 to a final budget total of \$62,101,926 (\$1,541,133 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 \$766,876. This is largely due to operational expenditures that were not anticipated in the initial fiscal 2024 budget.
- The Administrative Services budget increased by \$169,200. This is largely due to operational expenditures that were not anticipated in the initial fiscal 2024 budget.
- Public Works budget increased by \$76,805. This is largely due to operational expenditures that were not anticipated in the initial fiscal 2024 budget.
- The Public Safety budget increased by \$486,050. 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 2024 budget (\$257,443).

General Fund budgeted revenues were amended from \$64,450,564 to \$64,893,757 (an increase of \$443,193 or 1 percent). Highlights of this increase include:

- Investment earning revenue was increased by \$250,000. This adjustment was to account for increased interest rates that were not anticipated in the initial fiscal 2024 budget.
- Ambulance revenue was increased by \$158,000. This adjustment was to account for increased need for ambulance services that were not anticipated in the initial fiscal 2024 budget.
- State Grants was increased by \$34,693 due to risk revenue received that was not anticipated in the initial fiscal 2024 budget.

During the year, actual revenues were more than budgeted revenues by \$2,335,835. Actual expenditures were less than budgeted expenditures by \$4,377,240. This surplus was combined with reductions in other types of fund balance sources and the amount of \$4,812,958 was transferred to the Capital Projects Fund, of which, approximately \$3,000,000 is discretionary. During fiscal year 2025, 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, 2024, amounts to \$505,646,743 (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 1.7 percent (a 2.6 percent increase for governmental activities and a 0.12 percent decrease for business-type activities).

### CITY OF SOUTH JORDAN

#### Capital Assets, Net of Depreciation

June 30, 2024

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 102,696,297	\$ 100,252,076	\$ 12,556,042	\$ 12,556,043	\$ 115,252,339	\$ 112,808,119
Water Shares	-	-	18,961,482	18,961,482	18,961,482	18,961,482
Buildings	32,896,338	34,018,530	266,646	315,760	33,162,984	34,334,290
Right-to-Use Building	-	101,089	-	-	-	101,089
Improvements	185,120,485	184,085,078	108,971,664	107,457,572	294,092,149	291,542,650
Machinery and Equip.	13,637,494	9,985,000	3,499,249	4,273,290	17,136,743	14,258,290
Right-to-Use Equipment	-	218,925	-	14,798	-	233,723
Right-to-Use Subscription	202,888	572,944	-	-	202,888	572,944
Const. in Progress	12,932,580	9,163,304	5,569,189	6,430,398	18,501,769	15,593,702
Right of Way	8,336,389	8,336,389	-	-	8,336,389	8,336,389
Total Capital Assets	\$ 355,822,471	\$ 346,733,335	\$ 149,824,272	\$ 150,009,343	\$ 505,646,743	\$ 496,742,678

Major capital asset events during fiscal year 2024 include the following:

- A total of \$7,070,242 in contributed infrastructure assets including \$459,194 in street lights, \$2,023,336 in donated roads, \$512,117 in curb and gutter, \$437,289 in sidewalk, \$1,616,691 in donated storm drain infrastructure, and \$2,021,614 in water lines.
- During fiscal year 2024, the City added the following major assets: \$4,466,071 for Heritage Park, \$3,668,863 on water transite pipe replacement, and \$943,033 for work on new and existing pipelines.
- During the year, the City spent \$10,111,040 (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, \$9,225,188 was spent on projects still in progress at fiscal year-end.
- As of June 30, 2024, the City had outstanding construction commitments of \$35,911,836 for unfinished projects and \$3,762,927 for equipment and projects.

Additional information on the City's capital assets can be found in Note 7 on page 75-78 of this report.

**Long-Term Debt** - As of June 30, 2024, the City had a total long-term bonded debt outstanding of \$53,395,000. 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, 2024

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Special Assessment Debt						
With Governmental Commitment	\$ 16,565	\$ 17,780	\$ -	\$ -	\$ 16,565	\$ 17,780
Revenue Bonds	36,830	38,905	-	2,170	36,830	41,075
Total bonded debt	\$ 53,395	\$ 56,685	\$ -	\$ 2,170	\$ 53,395	\$ 58,855

The City’s total bonded debt outstanding decreased \$5,460,000 over the prior fiscal year. This decrease was due to the City making its regularly scheduled debt service payments. The City made \$5,460,000 in principal payments during fiscal year 2024. The City’s overall long-term debt decreased by \$6,415,873 during the fiscal year (8 percent). This decrease is due to the City paying its scheduled principal payments (\$6,129,594). At the end of fiscal year 2024, the City’s total long term debt outstanding (from bonds and notes payables) was \$63,022,220.

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 “AAA”; 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 “AA” and a Fitch rating of “AAA”; 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 82-87 of this report.

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

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- The 2024 unemployment rate for the City of South Jordan was 2.9 percent. This compares with a national unemployment rate of 4.1 percent. The 2023 unemployment rate for the City of South Jordan was 2.7 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, 2025 (\$66,149,529) reflects an increase of 2.6 percent over the final budgeted revenues for the fiscal year ended June 30, 2024 (\$64,450,564). Most of this increase is due to increased budgeted property tax (\$1,504,347 compared to the prior year.
- 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 2025 are budgeted to be \$3,741,191 more than fiscal year 2024. 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, 2024

	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
<i>Current Assets:</i>			
Cash, Cash Equivalents, and Investments	\$ 155,876,840	\$ 46,980,699	\$ 202,857,540
Restricted Cash	1,691,650	-	1,691,650
Receivables	54,324,343	5,235,665	59,560,008
Inventories	38,250	290,088	328,338
Investment in Joint Venture	18,000,000	7,419,201	25,419,201
Net Pension Asset	1,757,000	-	1,757,000
<i>Total Current Assets</i>	<u>231,688,084</u>	<u>59,925,653</u>	<u>291,613,737</u>
<i>Noncurrent Assets:</i>			
Capital Assets Net of Depreciation:			
Land	102,696,297	12,556,042	115,252,339
Water Shares	-	18,961,482	18,961,482
Buildings	32,795,249	266,646	33,061,895
Right-to-Use Building	43,324	-	43,324
Improvements	185,120,485	107,734,471	292,854,956
Machinery and Equipment	12,983,215	4,736,442	17,719,657
Right-to-Use Machinery and Equipment	139,100	-	139,100
Right-to-Use Subscription Asset	775,832	-	775,832
Construction in Progress	12,932,580	5,569,189	18,501,769
Right of Way	8,336,389	-	8,336,389
<i>Total Noncurrent Assets</i>	<u>355,822,471</u>	<u>149,824,272</u>	<u>505,646,743</u>
<b>Total Assets</b>	<u>587,510,555</u>	<u>209,749,926</u>	<u>797,260,481</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Resources Related to Pensions	9,015,911	1,408,413	10,424,324
<b>Total Deferred Outflows of Resources</b>	<u>9,015,911</u>	<u>1,408,413</u>	<u>10,424,324</u>
<b>LIABILITIES</b>			
<i>Current Liabilities:</i>			
Accounts Payable	6,725,532	3,369,972	10,095,504
Other Liabilities	7,612,330	1,392,823	9,005,153
Accrued Interest Payable	787,742	-	787,742
Current Portion of Long-Term Obligations	8,739,743	268,893	9,008,636
<i>Total Current Liabilities</i>	<u>23,865,347</u>	<u>5,031,689</u>	<u>28,897,036</u>
<i>Noncurrent Liabilities:</i>			
Noncurrent Portion of Long-Term Obligations	64,339,712	44,350	64,384,062
Net Pension Liability	5,811,135	304,423	6,115,558
<b>Total Noncurrent Liabilities</b>	<u>70,150,847</u>	<u>348,773</u>	<u>70,499,620</u>
<b>Total Liabilities</b>	<u>94,016,194</u>	<u>5,380,462</u>	<u>99,396,656</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Taxes	28,695,768	-	28,695,768
Deferred Revenue - Leases	1,193,066	-	1,193,066
Resources Related to Pensions	168,986	48,767	217,753
<b>Total Deferred Inflows of Resources</b>	<u>30,057,820</u>	<u>48,767</u>	<u>30,106,587</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	286,119,759	148,153,432	434,273,191
Restricted For:			
Capital Improvements and Equipment	14,319,540	411,952	14,731,492
Transportation	7,940,089	-	7,940,089
Construction	-	-	-
Debt Service	1,691,650	-	1,691,650
Public Safety	343,866	-	343,866
Pension Assets	1,757,000	-	1,757,000
Water Facility	-	826,613	826,613
Unrestricted	160,280,548	56,337,112	216,617,660
<b>Total Net Position</b>	<u>\$ 472,452,452</u>	<u>\$ 205,729,109</u>	<u>\$ 678,181,561</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, 2024

	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	\$ 19,940,078	\$ 8,122,887	\$ 448,473	\$ -	\$ (11,368,718)	\$ -	\$ (11,368,718)
Development Services	6,132,504	2,360,191	-	-	\$ (3,772,313)	-	(3,772,313)
Public Works	27,534,575	6,364,769	5,792,632	5,048,628	\$ (10,328,546)	-	(10,328,546)
Recreation	2,263,785	331,739	72,500	-	\$ (1,859,546)	-	(1,859,546)
Public Safety	28,818,291	5,873,335	187,897	-	\$ (22,757,059)	-	(22,757,059)
Interest on Long-Term Debt	2,283,208	-	-	-	\$ (2,283,208)	-	(2,283,208)
Total Governmental Activities	<u>\$ 86,972,441</u>	<u>\$ 23,052,921</u>	<u>\$ 6,501,502</u>	<u>\$ 5,048,628</u>	<u>\$ (52,369,391)</u>	<u>\$ -</u>	<u>\$ (52,369,391)</u>
<b>Business-type:</b>							
Water	23,316,479	24,267,821	158,873	384,870	-	1,495,085	1,495,085
Sanitation	5,698,608	6,739,584	-	-	-	1,040,976	1,040,976
Mulligans	1,631,680	2,255,367	-	-	-	623,687	623,687
Internal Service Fund	830,510	652,972	-	-	-	(177,538)	(177,538)
Total Business-Type Activities	<u>31,477,276</u>	<u>33,915,744</u>	<u>158,873</u>	<u>384,870</u>	<u>-</u>	<u>2,982,210</u>	<u>2,982,210</u>
Total Primary Government	<u>118,449,717</u>	<u>56,968,665</u>	<u>6,660,375</u>	<u>5,433,498</u>	<u>(52,369,391)</u>	<u>2,982,210</u>	<u>(49,387,181)</u>
<b>General Revenues:</b>							
Property Taxes					20,625,213	-	20,625,213
Sales and Use Tax					24,168,573	-	24,168,573
Energy Sales and Use Tax					5,825,501	-	5,825,501
Other Taxes					2,096,786	-	2,096,786
Intergovernmental Pass-Through					10,793,278	-	10,793,278
Gain on Disposition of Capital Assets					325,249	-	325,249
Investment Earnings					8,207,735	2,569,843	10,777,578
Transfers					(995,091)	995,091	-
Total General Revenues and Transfers					<u>71,047,244</u>	<u>3,564,934</u>	<u>74,612,178</u>
Change in Net Position					<u>18,677,853</u>	<u>6,547,144</u>	<u>25,224,997</u>
June 30, 2023, as previously stated					454,889,886	199,269,508	654,159,394
Implementation of GASB 101 (Note 10)					(1,115,287)	(87,543)	(1,202,830)
June 30, 2023, as restated					<u>453,774,599</u>	<u>199,181,965</u>	<u>652,956,564</u>
Net Position - June 30, 2024					<u>\$ 472,452,452</u>	<u>\$ 205,729,109</u>	<u>\$ 678,181,561</u>

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 120.



**CITY OF SOUTH JORDAN**
**Balance Sheet**

Governmental Funds

For the Year Ended June 30, 2024

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash, Cash Equivalents, and Investments	\$ 25,128,000	\$ 33,111,257	\$ 86,669,855	\$ 8,321,450	\$ 2,646,278	\$ 155,876,840
Restricted Cash	-	-	-	1,691,650	-	1,691,650
Receivables	23,070,310	13,035,000	1,212,489	15,428,620	1,503,189	54,249,607
Inventories	38,250	-	-	-	-	38,250
Due From Other Funds	-	-	-	-	74,736	74,736
Total Assets	<u>\$ 48,236,560</u>	<u>\$ 46,146,257</u>	<u>\$ 87,882,344</u>	<u>\$ 25,441,720</u>	<u>\$ 4,224,203</u>	<u>\$ 211,931,084</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	2,329,522	8,055	2,115,412	1,616,492	581,315	6,650,795
Construction Bonds and Refunds	7,612,330	-	-	-	-	7,612,330
Due to Other Funds	-	-	-	-	74,736	74,736
Total Liabilities	<u>9,941,852</u>	<u>8,055</u>	<u>2,115,412</u>	<u>1,616,492</u>	<u>656,051</u>	<u>14,337,861</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable Revenue - Ambulance	567,855	-	-	-	-	567,855
Unavailable Revenue - Property Taxes	15,894,846	13,035,000	-	-	-	28,929,846
Unavailable Revenue - Special Assessments	-	-	-	15,389,725	-	15,389,725
Unavailable Revenue - Leases	1,193,066	-	-	-	-	1,193,066
	<u>17,655,766</u>	<u>13,035,000</u>	<u>-</u>	<u>15,389,725</u>	<u>-</u>	<u>46,080,491</u>
<b>FUND BALANCES</b>						
Nonspendable	38,250	-	-	-	-	38,250
Restricted	343,866	-	22,259,629	1,691,650	-	24,295,145
Committed	-	-	-	-	-	-
Assigned	1,073,461	33,103,202	63,507,303	6,743,853	3,568,153	107,995,973
Unassigned	19,183,365	-	-	-	-	19,183,364
Total Fund Balances	<u>20,638,942</u>	<u>33,103,202</u>	<u>85,766,932</u>	<u>8,435,503</u>	<u>3,568,153</u>	<u>151,512,731</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 48,236,560</u>	<u>\$ 46,146,257</u>	<u>\$ 87,882,344</u>	<u>\$ 25,441,720</u>	<u>\$ 4,224,203</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.	355,822,469
Other long-term assets and deferred outflows of resources are not available to pay for current expenditures.	35,948,658
Long-term liabilities, including bonds payable and pension liability, are not due and payable in the current period.	(79,678,331)
Deferred inflows and outflows of resources related to pensions are not applicable to the current period.	8,846,925
Net position of governmental activities	<u>\$ 472,452,452</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, 2024

	General	Redevelopment Agency	Capital Projects	Debt Service	Nonmajor Governmental Funds	Total Governmental Funds
<b>REVENUES</b>						
Taxes	\$ 48,123,744	\$ 2,312,135	\$ 2,147,773	\$ -	\$ -	\$ 52,583,652
Licenses and Permits	2,392,468	-	-	-	-	2,392,468
Intergovernmental	260,397	10,793,278	5,792,632	-	448,473	17,294,780
Charges for Services	9,099,286	-	-	-	6,191,916	15,291,202
Fines and Forfeitures	493,325	-	-	-	-	493,325
Special Assessments	-	-	-	2,900,897	-	2,900,897
Interest	6,079,109	1,623,625	395,018	20,100	89,882	8,207,734
Impact Fees	-	-	940,917	-	-	940,917
Miscellaneous	781,265	-	1,291,611	-	19,924	2,092,800
Total Revenues	67,229,593	14,729,038	10,567,951	2,920,997	6,750,196	102,197,775
<b>EXPENDITURES</b>						
Current						
General Government	7,557,971	532,224	-	79,500	-	8,169,695
Administrative Services	5,969,402	-	74,870	-	-	6,044,272
Development Services	5,861,196	-	-	-	102,826	5,964,022
Public Works	9,899,931	-	5,278,494	-	1,958,311	17,136,736
Recreation	2,231,428	-	71,366	-	-	2,302,794
Public Safety	24,809,568	-	224,999	-	865,128	25,899,695
Tax Increment Distributions	-	4,217,893	-	-	-	4,217,893
Capital Outlay and Projects	32,322	50,763	17,690,651	-	708,257	18,481,993
Developer Reimbursement	-	-	330,306	-	-	330,306
Debt Service						
Principal	223,387	-	897,967	3,959,593	-	5,080,948
Interest and Fees	24,192	-	-	2,520,049	-	2,544,241
Total Expenditures	56,609,398	4,800,880	24,568,653	6,559,142	3,634,522	96,172,595
Excess (Deficiency) of Revenues						
Over Expenditures	10,620,195	9,928,159	(14,000,702)	(3,638,146)	3,115,674	6,025,180
<b>OTHER FINANCING SOURCES (USES)</b>						
Lease Financing	-	-	-	-	-	-
Subscription Financing	-	-	268,478	-	-	268,478
Issuance of Loan	-	-	-	-	-	-
Sale of Capital Assets	233,301	-	472,302	-	-	705,603
Transfers In	1,039,705	-	11,478,362	8,364,869	-	20,882,937
Transfers Out	(9,166,944)	(3,391,430)	(5,174,383)	-	(4,145,271)	(21,878,028)
Total Other Financing Sources (Uses)	(7,893,938)	(3,391,430)	7,044,759	8,364,869	(4,145,271)	(21,011)
Net Change in Fund Balances	2,726,257	6,536,729	(6,955,943)	4,726,724	(1,029,597)	6,004,169
June 30, 2023, as previously stated	19,027,972	26,566,473	92,722,875	3,708,779	4,597,750	146,623,849
Implementation of GASB 101 (Note 10)	(1,115,287)	-	-	-	-	(1,115,287)
June 30, 2023, as restated	17,912,685	26,566,473	92,722,875	3,708,779	4,597,750	145,508,562
Fund Balances - June 30, 2024	\$ 20,638,942	\$ 33,103,202	\$ 85,766,932	\$ 8,435,503	\$ 3,568,153	\$ 151,512,731

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 For the Year Ended June 30, 2024

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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	\$ 6,004,169
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.	4,420,859
The net effect of various miscellaneous transactions involving capital assets (i.e. , sales, trade-ins, and donations) is to increase net position.	4,668,274
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	(926,266)
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.	544,549
Bond proceeds and 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 lease principal are expenditures in the governmental funds but reduce liabilities in the statement of net position.	5,220,848
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>(1,254,580)</u>
Change in net position of governmental activities	<u>\$ 18,677,853</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

### Risk Management Fund

The Risk Management is used to account for the activities of the City's liability self-insurance and risk management programs.

### Mulligans Fund

The Mulligans Fund is used to account for the activities of Mulligans.



**CITY OF SOUTH JORDAN**  
**Statement of Net Position**  
Proprietary Funds  
For the Year Ended June 30, 2024

	Major Funds		Nonmajor Funds		
	Water Fund	Sanitation Fund	Mulligans Fund	Internal Service Fund	Total
<b>ASSETS</b>					
<i>Current Assets:</i>					
Cash, Cash Equivalents, and Investments	\$ 40,546,761	\$ 3,920,428	\$ 1,685,808	\$ 827,702	\$ 46,980,699
Accounts Receivable Net of Allowance	4,491,489	744,176	-	-	5,235,665
Inventories	275,491	-	14,597	-	290,088
Total Current Assets	45,313,741	4,664,604	1,700,405	827,702	52,506,452
<i>Noncurrent Assets:</i>					
Restricted Cash	-	-	-	-	-
Net Pension Asset	-	-	-	-	-
Investment in Landfill	-	7,419,201	-	-	7,419,201
Capital Assets					-
Land	2,599,425	-	9,956,618	-	12,556,042
Water Shares	18,961,482	-	-	-	18,961,482
Buildings and Structures	645,864	-	716,389	-	1,362,253
Improvements - Other than Buildings	180,557,725	-	1,066,473	-	181,624,197
Machinery and Equipment	5,791,698	2,513,450	829,290	-	9,134,439
Right-to-Use Machinery and Equipment	-	-	-	-	-
Construction in Progress	4,756,051	-	813,139	-	5,569,189
Less Accumulated Depreciation	(76,635,583)	(1,276,258)	(1,471,489)	-	(79,383,331)
Capital Assets (Net of Accum Depreciation)	136,676,660	1,237,192	11,910,419	-	149,824,271
Total Noncurrent Assets	136,676,660	8,656,393	11,910,419	-	157,243,472
Total Assets	181,990,402	13,320,998	13,610,824	827,702	209,749,925
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred Charge on Refunding	-	-	-	-	-
Resources Related to Pensions	1,029,203	216,081	163,129	-	1,408,413
Total Deferred Outflows of Resources	1,029,203	216,081	163,129	-	1,408,413
<b>LIABILITIES</b>					
<i>Current Liabilities:</i>					
Accounts Payable	2,882,457	375,558	106,072	5,885	3,369,972
Accrued Liabilities	333,088	13,798	44,626	-	391,512
Accrued Interest Payable	-	-	-	-	-
Unearned Revenue	823,004	-	-	-	823,004
Retainage Payable	67,666	-	-	-	67,666
Developer and Resident Deposits	110,641	-	-	-	110,641
Compensated Absences	180,997	36,942	40,954	-	258,893
Bonds and Leases Payable	10,000	-	-	-	10,000
Total Current Liabilities	4,407,854	426,299	191,652	5,885	5,031,689
<i>Noncurrent Liabilities:</i>					
Compensated Absences	29,906	9,247	5,198	-	44,350
Bonds and Leases Payable	-	-	-	-	-
Net Pension Liability	219,110	47,841	37,472	-	304,423
Total Noncurrent Liabilities	249,016	57,088	42,670	-	348,773
Total Liabilities	4,656,870	483,386	234,321	5,885	5,380,462
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Resources Related to Pensions	14,245	32,654	1,868	-	48,767
<b>NET POSITION</b>					
Net Investment in Capital Assets	135,005,821	1,237,192	11,910,419	-	148,153,432
Restricted for:					
Capital Improvements	411,952	-	-	-	411,952
Water Facility	826,613	-	-	-	826,613
Debt Service	-	-	-	-	-
Unrestricted	42,104,104	11,783,846	1,627,345	821,817	56,337,112
Total Net Position	\$ 178,348,490	\$ 13,021,038	\$ 13,537,764	\$ 821,817	\$ 205,729,109

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, 2024

	Major Funds		Nonmajor Funds		
	Water Fund	Sanitation Fund	Mulligans Fund	Internal Service Fund	Total
<b>OPERATING REVENUES</b>					
Charges for Services					
Operations	\$ 532,960	\$ 5,638,900	\$ 2,254,803	\$ 652,972	\$ 9,079,634
Pledged as Security for Revenue Bonds	23,722,534	-	-	-	23,722,534
Miscellaneous	12,327	3,295	564	-	16,186
Total Operating Revenues	<u>24,267,821</u>	<u>5,642,195</u>	<u>2,255,367</u>	<u>652,972</u>	<u>32,818,355</u>
<b>OPERATING EXPENSES</b>					
Costs of Services	14,395,800	4,961,665	1,469,421	830,510	21,657,396
General and Administrative	3,098,864	678,931	5,901	-	3,783,696
Depreciation	6,060,254	121,011	156,359	-	6,337,624
Total Operating Expenses	<u>23,554,918</u>	<u>5,761,608</u>	<u>1,631,680</u>	<u>830,510</u>	<u>31,778,716</u>
Operating Income	<u>712,903</u>	<u>(119,413)</u>	<u>623,687</u>	<u>(177,538)</u>	<u>1,039,639</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>					
Increase in Joint Venture	-	1,097,389	-	-	1,097,389
Interest	2,268,339	236,241	65,909	(645)	2,569,843
Intergovernmental - Grants	158,873	-	-	-	158,873
Gain (Loss) on Sale and Disposal of Capital Assets	77,125	63,000	-	-	140,125
Interest and Fees	161,314	-	-	-	161,314
Total Non-Operating Revenue (Expenses)	<u>2,665,651</u>	<u>1,396,630</u>	<u>65,909</u>	<u>(645)</u>	<u>4,127,544</u>
Income Before Contributions and Transfers	<u>3,378,554</u>	<u>1,277,217</u>	<u>689,595</u>	<u>(178,183)</u>	<u>5,167,183</u>
<b>CONTRIBUTIONS AND TRANSFERS</b>					
Capital Contributions, Impact Fees and Other	384,870	-	-	-	384,870
Transfers In	-	-	-	1,000,000	1,000,000
Transfers Out	(4,168)	(272)	(469)	-	(4,909)
Total Contributions and Transfers	<u>380,702</u>	<u>(272)</u>	<u>(469)</u>	<u>1,000,000</u>	<u>1,379,961</u>
Change in Net Position	<u>3,759,256</u>	<u>1,276,945</u>	<u>689,126</u>	<u>821,817</u>	<u>6,547,144</u>
June 30, 2023, as previously stated	174,647,467	11,756,868	12,865,173	-	199,269,508
Implementation of GASB 101 (Note 10)	(58,233)	(12,775)	(16,535)	-	(87,543)
June 30, 2023, as restated	<u>174,589,234</u>	<u>11,744,093</u>	<u>12,848,638</u>	<u>-</u>	<u>199,181,965</u>
Net Position - June 30, 2024	<u>\$ 178,348,490</u>	<u>\$ 13,021,038</u>	<u>\$ 13,537,764</u>	<u>\$ 821,817</u>	<u>\$ 205,729,109</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, 2024

	Major Funds		Nonmajor Fund		
	Water Fund	Sanitation Fund	Mulligans Fund	Risk Fund	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from Customers and Users	\$ 22,964,652	\$ 5,467,729	\$ 2,255,367	\$ 652,972	\$ 30,687,747
Payments to Suppliers	(12,217,808)	(4,471,620)	(624,702)	(824,625)	(17,314,131)
Interfund Services	(3,157,097)	(691,706)	(29,053)	-	(3,877,856)
Payments to Employees	(2,587,921)	(539,614)	(881,908)	-	(4,009,443)
Net Cash Provided by Operating Activities	5,001,827	(235,212)	719,704	(171,653)	5,486,318
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Noncapital Grants	155,263	-	-	-	155,263
Transfers In	-	-	-	1,000,000	-
Transfers Out	(4,168)	(272)	(469)	-	(4,909)
Net Cash Provided (Used) by Noncapital Financing Activities	151,095	(272)	(469)	1,000,000	150,354
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
Impact Fees	384,870	-	-	-	384,870
Purchase of Capital Assets	(5,375,894)	(391,772)	4,935	-	(5,762,731)
Principal Paid on Capital Debt	(2,175,117)	-	-	-	(2,175,117)
Interest Paid on Capital Debt	(54,875)	-	-	-	(54,875)
Proceeds From Sale of Capital Assets	77,125.00	63,000	-	-	140,125
Net Cash Used by Capital and Related Financing Activities	(7,143,891)	(328,772)	4,935	-	(7,467,728)
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>					
Interest Income	2,268,339	236,241	65,909	(645)	2,570,488
Net Increase (Decrease) in Cash and Cash Equivalents	277,370	(328,015)	790,079	827,702	739,434
Cash and Cash Equivalents - Beginning of Year	40,466,262	4,248,443	895,729	-	45,610,434
Cash and Cash Equivalents - End of Year	\$ 40,743,632	\$ 3,920,428	\$ 1,685,808	\$ 827,702	\$ 46,349,868
<b>Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:</b>					
Operating Income	\$ 712,903	\$ (119,413)	\$ 623,687	\$ (177,538)	\$ 1,217,177
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:					
Depreciation Expense	6,060,254	121,011	156,359	-	6,337,624
(Increase) Decrease in Receivables	(1,282,454)	(11,528)	114,548	-	(1,179,434)
(Increase) Decrease in Inventory	(56,160)	-	5,761	-	(50,399)
(Increase) Decrease in Net Pension Asset	360,895	-	-	-	360,895
(Increase) Decrease in Deferred Outflows Related to Pensions	(755,709)	(165,026)	(116,649)	-	(1,037,384)
Increase (Decrease) in Accounts Payable	(274,993)	(109)	(17,524)	5,885	(292,626)
Increase (Decrease) in Accrued Liabilities	172,894	(2,889)	(13,263)	-	156,742
Increase (Decrease) in Accrued Vacation and Sick Leave	(73,596)	(9,411)	(16,463)	-	(99,470)
Increase (Decrease) in Net Pension Liability	(74,204)	(16,325)	(16,143)	-	(106,672)
Increase (Decrease) in Deferred Inflows Related to Pensions	211,997	(31,523)	(609)	-	179,865
Total Adjustments	4,288,924	(115,800)	96,017	5,885	4,269,141
Net Cash Provided by Operating Activities	\$ 5,001,827	\$ (235,212)	\$ 719,704	\$ (171,653)	\$ 5,486,318
<b>Noncash Investing, Capital, and Financing Activities:</b>					
Contributions of Capital Assets From Developers	\$ -	\$ -	\$ -		\$ -
Increase in Equity Investment in Trans-Jordan Landfill	-	1,097,389	-		1,097,389

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

For the Year Ended June 30, 2024

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	Custodial Fund
<b>ASSETS</b>	
Cash, Cash Equivalents, and Investments	\$ 17,294
Prepaid Items	-
Total Assets	<u>\$ 17,294</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	17,294
Total Net Position	<u><u>\$ 17,294</u></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, 2024

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	Custodial Fund
<b>ADDITIONS</b>	
Contributions:	
Members	\$ -
Total Contributions	-
Investment Earnings:	
Interest, dividends, and other	950
Net increase (decrease) in fair value of investments	(13)
Total Investment Earnings	937
Total Additions	937
<b>DEDUCTIONS</b>	
Payments made to vendors	-
Total Deductions	-
Net increase (decrease) in fiduciary net position	937
Net Position - Beginning	16,357
Net Position - Ending	\$ 17,294

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 treasury 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 \$28,314,101 reported as restricted net position in the statement of net position, \$23,244,181 is restricted due to enabling legislation (\$27,075,536 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.

The City implemented GASB Statement No. 101, Compensated Absences, in fiscal year 2024. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

Accrued sick time is now part of the liability reported as compensated absences. Sick time liability is calculated based on the past five-year average of all employee sick time used, then applied to each employee.

All vacation and sick 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. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the accrual debt proceeds received, are reported as debt service expenditures.

## 10. Fund Balance

The 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 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 2024, this amount is \$3,361,480.

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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	\$ 38,250	\$ -	\$ -	\$ -	\$ -	\$ 38,250
<b>Restricted</b>						
Debt Service	-	-	-	1,691,650	-	1,691,650
Construction	-	-	-	-	-	-
Impact Fees	-	-	6,319,540	-	-	6,319,540
Public Safety Forfeiture/State Grants	42,493	-	-	-	-	42,493
Liquor Allotment	301,373	-	-	-	-	301,373
B & C Road Funds	-	-	23,913	-	-	23,913
County Road Funds	-	-	6,388,217	-	-	6,388,217
Parking Infrastructure	-	-	8,000,000	-	-	8,000,000
UDOT Loans	-	-	1,527,959	-	-	1,527,959
<b>Committed</b>						
<b>Assigned</b>						
Debt Service	-	-	-	6,743,853	-	6,743,853
RDA	-	33,103,202	-	-	-	33,103,202
Capital Projects	-	-	63,507,303	-	-	63,507,303
Storm Drain Projects	-	-	-	-	1,338,166	1,338,166
Fitness Center	-	-	-	-	143,080	143,080
Interfacility Projects	-	-	-	-	2,084,659	2,084,659
Arts Council Master Plan	6,702	-	-	-	-	6,702
Police Software	55,000	-	-	-	-	55,000
Fire Equipment	149,550	-	-	-	-	149,550
General Fund Water Usage	700,000	-	-	-	-	700,000
Art Donations (Round it Up)	82,115	-	-	-	-	82,115
PACE Days	20,000	-	-	-	-	20,000
EV Charging Station	18,000	-	-	-	-	18,000
Gale Sign Project	25,000	-	-	-	-	25,000
Street Sign Posts	17,094	-	-	-	-	17,094
MBA	-	-	-	-	2,248	2,248
<b>Unassigned</b>	<b>19,183,365</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,183,365</b>
<b>Total Fund Balances</b>	<b>\$ 20,638,942</b>	<b>\$ 33,103,202</b>	<b>\$ 85,766,932</b>	<b>\$ 8,435,503</b>	<b>\$ 3,568,153</b>	<b>\$ 151,512,731</b>

## 11. 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.

## 12. Pensions

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

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

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

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

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

*Capital related items:*

When capital assets (property, plant, and equipment) that are to be used in governmental activities are purchased or constructed, the costs of these assets are reported as expenditures in governmental funds. However, the statement of net position includes those capital assets among the assets of the City as a whole.

Cost of capital assets	\$ 541,112,714
Cost of right-to-use assets	496,273
Cost of subscription based assets	874,412
Accumulated depreciation	<u>( 186,660,928)</u>
Net adjustment to increase <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 355,822,471</u></u>

*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	\$ 53,395,000
Deferred refunding bond reacquisition costs (to be amortized over life of original debt)	( 0)
Bond premium (to be amortized to interest income)	5,485,555
Notes payable	8,529,197
Lease payables	186,329
Subscription payable	747,782
Accrued interest payable	787,742
Compensated absences	4,550,590
Claims and judgments	185,001
Net Pension Liability	<u>5,811,135</u>
Net adjustment to reduce <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 79,678,331</u>



*Long Term Assets:*

Long term assets applicable to the City’s governmental activities which are not available to pay expenses of the current period are deferred in the fund statements. However, in the statement of net position, the charges were reported as a reduction of expense or revenue when earned.

Special assessments	\$ 15,389,725
Net pension asset	1,757,000
Investment in joint assets	18,000,000
Ambulance revenue	283,865
Delinquent property taxes	<u>132,421</u>

Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 35,563,011</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	\$ 9,015,911
Deferred inflows related to pensions	<u>( 168,986)</u>

Net adjustment to increase <i>fund balance – total governmental funds</i> to arrive at <i>net position – governmental activities</i>	<u>\$ 8,846,925</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	\$18,419,451
Depreciation expense	( 14,063,888)
Leases	-
Subscription-based assets	268,478
Amortization expense	<u>( 203,180)</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>\$ 4,420,860</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.	(\$ 380,354)
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>5,048,628</u>
Net adjustment to increase <i>net changes in fund balances – total governmental funds</i> to arrive at <i>changes in net position of governmental activities</i>	<u>\$ 4,668,274</u>

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	\$( 1,342,552)
Ambulance revenue	283,865
Delinquent property taxes	<u>132,421</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>\$ ( 926,266)</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	(\$ 4,250,144)
Benefit expense	4,240,449
Nonemployer contributions (fire premium tax or court fees)	<u>554,244</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>\$ 544,549</u>
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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:	
Subscription payable	( 268,478)
Deferred refunding costs amortization	( 85,607)
Total debt incurred	<u>\$( 354,085)</u>

Principal payments:	
Sales tax bonds	2,075,000
2016 Special assessment bonds	1,215,000
Notes payables	1,567,561
Lease payables	131,929
Subscription payables	91,458
Claims and judgements	71,254
Bond premium amortization	<u>422,732</u>
Total principal payments	<u>\$ 5,574,934</u>

Net adjustments 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>\$ 5,220,849</u></u>
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Another element of that reconciliation states, “Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.”

Compensated absences	(\$ 1,239,314)
Accrued interest	<u>8,926</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>\$ ( 1,230,388)</u></u>

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**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, 2024, the City’s cash balance consisted of the following:

	Total Cash from <u>All Fund Types</u>
Cash	\$ 3,022,355
Cash Equivalents and Investments	<u>201,544,130</u>
Total Cash, Cash Equivalents and Investments	<u>\$ 204,566,485</u>

While the City’s carrying amount of deposits was \$204,566,485, the balance in the City’s bank account and cash on hand was \$206,977,761, 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, 2024, the deposits are as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2024</u>
Checking	Insured	\$ 56
Investment Sweep	Insured	121,082
Investment Sweep	Uninsured and Uncollateralized	<u>5,312,494</u>
Total Deposits		<u>\$ 5,433,632</u>

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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**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 \$201,544,129 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, 2024:

<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)	\$ 371,332	\$ -	\$ -	\$ -	AAA
Collateralized Money Market	78,033	-	-	-	AAA
Utah Public Treasurer's Investment Fund	167,534,265	-	-	-	Unrated
US Government or US Agencies	4,120,309	7,804,523	-	-	AAA
Certified Deposits (CD)	6,166,876	7,864,358	-	-	Unrated
Corporate Notes	2,093,867	5,505,479	-	-	A- to AAA
Total Investments	<u>\$ 180,364,682</u>	<u>\$ 21,174,361</u>	<u>\$ -</u>	<u>\$ -</u>	



**C. Interest Rate Risk**

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of the investment. The City manages its exposure to declines in fair value by adhering to the Money Management Act. The Act requires that the remaining term to maturity of the investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity 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, 2024, 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**  
June 30, 2024

**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, 2024, the City had the following recurring fair value measurements:

- Money market, collateralized money market, US Government and US Agencies totaling \$17,733,007 valued using quoted market prices (Level 1 inputs).
- Utah Public Treasurer's Investment Fund totaling \$167,534,265 valued using the application of the June 30, 2024 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 \$16,271,771 valued using quoted prices for similar securities in active markets (Level 2 inputs).

Investments by Fair Value Level	As of 6/30/24	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
<b>Debt Securities</b>				
U.S. Government	\$ 3,920,824	\$ 3,920,824	\$ -	\$ -
U.S Agencies	8,004,007	8,004,007	-	-
Corporate Bonds	7,599,347	5,358,810	2,240,537	-
Negotiable Certificates of Deposit	14,031,234		14,031,234	-
Money Market Mutual Funds	78,033	78,033	-	-
Currency	371,332	371,332	-	-
Utah Public Treasurer's Investment Fund	167,534,265	-	\$ 167,534,265	-
Total Debt Securities	201,539,043	17,733,007	183,806,036	-
<b>Equity Securities</b>				
Common and Preferred Stocks	-	-	-	-
Other	-	-	-	-
Equity Mutual Funds	-	-	-	-
Total Equity Securities	-	-	-	-
<b>Other</b>				
Donated Assets (Real Estate)	-	-	-	-
Total Investments by Fair Value Level	201,539,043	17,733,007	183,806,036	-
<b>Investments Measured at Net Asset Value (NAV)</b>				
Real Estate Funds	-			
Venture Capital Funds	-			
Global Investment Funds	-			
Private Equity Partnerships	-			
Total Investments Measured at Fair Value	\$ 201,539,043			

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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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	\$ 1,099,883	\$ -	\$ -	\$ -	\$ 1,370,108	\$4,506,341	\$ 745,806	\$ 7,722,138
Property Tax	16,077,752	13,035,000	-	-	-	-	-	29,112,752
Other Taxes	4,572,019	-	506,638	-	-	-	-	5,078,657
Intergovernmental	8,166	-	705,851	-	133,335	-	-	847,352
Special								
Assessments	-	-	-	15,428,620	-	-	-	15,428,620
Leases	1,312,489	-	-	-	-	-	-	1,312,489
Less: Allowance for Uncollectible Accounts	-	-	-	-	(254)	(14,852)	(1,630)	(16,736)
	<u>\$23,070,310</u>	<u>\$13,035,000</u>	<u>\$ 1,212,489</u>	<u>\$15,428,620</u>	<u>\$ 1,503,189</u>	<u>\$4,491,488</u>	<u>\$ 744,176</u>	<u>\$59,485,273</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	\$ -	\$ 163,355	\$ -	\$ 868,500	\$ 2,941	\$ 4,909	\$ 1,039,705
Capital Projects	6,440,716	1,250,000	-	-	4,697,646	-	12,388,362
Debt Service	2,726,228	1,978,075	-	3,485,566	354,684	-	8,544,553
Business Type	-	-	-	1,000,000	-	-	1,000,000
Nonmajor Govtl.	-	-	-	-	-	-	-
<b>Total Transfer Out</b>	<b>\$ 9,166,944</b>	<b>\$3,391,430</b>	<b>\$ -</b>	<b>\$ 5,354,066</b>	<b>\$5,055,271</b>	<b>\$ 4,909</b>	<b>\$ 22,972,620</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 revenues generated from C Road Funds totaling \$868,500 to pay for qualified expenditures incurred in the General Fund.

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**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

**NOTE 7 – CAPITAL ASSET**

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 100,252,076	\$ 2,444,221	\$ -	\$ 102,696,297
Land Right of Way	8,336,389	-	-	8,336,389
Construction in Progress	9,163,304	8,577,108	4,807,832	12,932,580
Total capital assets not being depreciated	117,751,769	11,021,329	4,807,832	123,965,266
Capital assets being depreciated/amortized:				
Buildings	47,575,106	-	-	47,575,106
Right-to-Use Building	216,620	-	-	216,620
Improvements	327,711,448	11,490,805	507,547	338,694,706
Machinery and Equipment	27,029,588	5,761,551	1,913,503	30,877,636
Right-to-Use Machine and Equipment	279,653	-	-	279,653
Right-to-Use Subscription Asset	605,934	268,478	-	874,412
Total capital assets being depreciated/amortized	403,418,349	17,520,834	2,421,050	418,518,133
Less accumulated depreciation/amortization for:				
Buildings	13,556,577	1,223,281	-	14,779,857
Right-to-Use Building	115,531	57,765	-	173,296
Improvements	143,626,370	10,148,850	200,999	153,574,221
Machinery and Equipment	17,044,589	2,623,224	1,773,391	17,894,422
Right-to-Use Machine and Equipment	60,728	79,825	-	140,553
Right-to-Use Subscription Asset	32,990	65,590	-	98,580
Total accumulated depreciation/amortization	174,436,784	14,198,535	1,974,391	186,660,928
Total capital assets, being depreciated/amortized, net	228,981,566	3,322,298	446,659	231,857,205
Governmental activities capital assets, net	\$ 346,733,335	\$ 14,343,627	\$ 5,254,491	\$ 355,822,471
	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	6,430,398	650,842	1,512,050	5,569,189
Water Shares	18,961,482	-	-	18,961,482
Total capital assets not being depreciated	37,947,923	650,842	1,512,050	37,086,714
Capital assets being depreciated/amortized:				
Buildings	1,362,253	-	-	1,362,253
Improvements	176,164,274	5,690,477	230,553.48	181,624,198
Machinery and Equipment	8,555,423	1,416,108	837,091	9,134,439
Right-to-Use Machinery and Equipment	39,092	-	39,092	-
Total capital assets being depreciated/amortized	186,121,042	7,106,585	1,106,737	192,120,890
Less accumulated depreciation/amortization for:				
Buildings	1,046,493	49,114	-	1,095,607
Improvements	68,706,702	5,379,138	196,113	73,889,727
Machinery and Equipment	4,282,133	869,683	753,818	4,397,998
Right-to-Use Machinery and Equipment	24,294	-	24,294	-
Total accumulated depreciation	74,059,622	6,297,935	974,225	79,383,332
Total capital assets, being depreciated/amortized, net	112,061,420	808,650	132,512	112,737,559
Business-type activities capital assets, net	\$ 150,009,343	\$ 1,459,492	\$ 1,644,563	\$ 149,824,273

**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	\$ 1,166,509
Development Services	53,701
Public Works	10,961,915
Public Safety	2,028,619
Recreation	61,088
Total Depreciation Expense - Governmental Activities	<u>\$ 14,271,832</u>
Business-Type Activities:	
Water	5,998,499
Mulligans	121,012
Sanitation	154,130
Total Depreciation Expense - Business-Type Activities	<u>\$ 6,273,641</u>
Total Depreciation Expense	<u>\$ 20,545,473</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	\$ 82,511
Public Safety	65,590
Public Works	55,079
Total Amortized Expense - Governmental Activities	<u>\$ 203,180</u>
Business-Type Activities:	
Water	<u>-</u>
Total Amortized Expense - Business-Type Activities	<u>\$ -</u>
Total Amortization Expense	<u>\$ 203,180</u>

**Construction Commitments**

The City has various construction projects as of June 30, 2024, with commitments to contractors as follows:

<b>Fund</b>	<b>Remianing Commitment</b>
General Fund	\$ -
Capital Projects	14,862,921
Nonmajor Governmental Projects (aggregate)	-
Water Fund	20,715,793
Nonmajor Enterprise Projects (aggregate)	333,121
<b>Total</b>	<b>\$ 35,911,836</b>

The City has various other equipment and projects as of June 30, 2024, with commitments to contractors as follows:

<b>Fund</b>	<b>Remianing Commitment</b>
General Fund	\$ 1,288,191
Capital Projects	1,951,111
Nonmajor Governmental Projects (aggregate)	-
Water Fund	523,625
Nonmajor Enterprise Projects (aggregate)	-
<b>Total</b>	<b>\$ 3,762,927</b>

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, 2024:

<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>\$ 35,814,192</u>



**NOTE 8 – LEASES**

**Lease Payables -**

For the year ended June 30, 2024, 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:

As of June 30, 2024, South Jordan, UT had 9 active leases. The leases have payments that range from \$885 to \$59,878 and interest rates that range from 0.7270% to 2.2300%. As of June 30, 2024, the total combined value of the lease liability is \$201,447, the total combined value of the short-term lease liability is \$87,604. The combined value of the right to use asset, as of June 30, 2024 of \$428,082 with accumulated amortization of \$230,860 is included within the Lease Class activities table found below. The leases had \$0 of Variable Payments and \$0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

**Lease Assets**

(By Major Classes of Underlying Assets)  
As of Fiscal Year End 2024

<b>Asset Class</b>	<b>Lease Asset Value</b>	<b>Accumulated Amortization</b>
<b>Buildings</b>	\$ 216,620	\$ 173,296
<b>Equipment</b>	211,462	57,564
<b>Total</b>	<b>\$ 428,082</b>	<b>\$ 230,860</b>

**Lease Payables**

<b>Fiscal Year</b>	<b>Governmental</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 87,604	\$ 3,119
2026	40,925	2,086
2027	37,960	1,233
2028	34,958	391
<b>Total</b>	<b>\$ 201,447</b>	<b>\$ 6,829</b>

**Lease Receivables -**

For the year ended June 30, 2024, 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.

As of June 30, 2024, South Jordan, UT had 2 active leases. The leases have receipts that range from \$49,357 to \$54,548 and interest rates that range from 2.3980% to 2.4190%. As of June 30, 2024, the total combined value of the lease receivable is \$1,312,489, the total combined value of the short-term lease receivable is \$76,972, and the combined value of the deferred inflow of resources is \$1,193,066. The leases had \$0 of Variable Receipts and \$722 of Other Receipts, not included in the Lease Receivable, within the Fiscal Year.

Lease Receivables		
Fiscal Year	Governmental	
	Principal	Interest
2025	\$ 76,972	\$ 31,531
2026	83,652	29,676
2027	90,732	27,659
2028	98,234	25,472
2029	106,183	23,104
2030 - 2034	254,517	91,287
2035 - 2039	344,235	56,646
2040 - 2042	257,964	12,596
Total	<u>\$ 1,312,489</u>	<u>\$ 297,971</u>

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

For the year ended June 30, 2024, 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.

As of June 30, 2024, City of South Jordan, UT had 2 active subscriptions. The subscriptions have payments that range from \$29,988 to \$80,897 and interest rates that range from 2.5000% to 3.3090%. As of June 30, 2024, the total combined value of the subscription liability is \$747,782, and the total combined value of the short-term subscription liability is \$80,600. The combined value of the right to use asset, as of June 30, 2024 of \$874,412 with accumulated amortization of \$98,580 is included within the Subscription Class activities table found below. The subscriptions had \$0 of Variable Payments and \$0 of Other Payments, not included in the Subscription Liability, within the Fiscal Year.

**Subscription-Based Assets**

(By Major Classes of Underlying Assets)

As of Fiscal Year End 2024

Asset Class	Lease Asset Value	Accumulated Amortization
Software	874,412	98,580
<b>Total</b>	<b>\$ 874,412</b>	<b>\$ 98,580</b>

**Subscription Payables**

Fiscal Year	Governmental	
	Principal	Interest
2025	\$ 80,600	\$ 22,810
2026	83,073	20,338
2027	85,623	17,788
2028	88,252	15,159
2029	90,963	12,448
2030 - 2034	319,270	20,949
<b>Total</b>	<b>\$ 747,781</b>	<b>\$ 109,492</b>

**NOTE 10 - LONG-TERM DEBT**

Bonds and notes payable at June 30, 2024, 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.	\$ 8,035,000
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.	\$ 16,745,000
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 paid off this debt in fiscal year 2024.	\$ 0
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.	\$ 12,050,000

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<b>Fiscal Year</b>	<b>Revenue Bonds</b>	
	<b>Governmental</b>	
	<b>Principal</b>	<b>Interest</b>
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>\$ 36,830,000</b>	<b>\$ 13,429,275</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 \$50,259,275. For the current year, principal and interest paid and total pledged sales tax revenues were \$3,844,625 and \$24,168,573, 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 \$0. For the current year, principal and interest paid and pledged water revenues were \$2,224,250 and \$23,722,534 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 \$8,035,000. For the current year, principal and interest paid and pledged revenues were \$1,214,450 and \$1,832,284 respectively. It is estimated that annual principal and interest payments on the bonds will require 66 percent of pledged revenues.

Special Assessment Bond:

2016 Special Assessment Bonds:  
\$32,675,000 Special Assessment Bonds (Daybreak Assessment Area No. 1) due in annual principal and semi-annual interest payments through November 2036 - Interest is at varying rates from 2.00% to 4.00%. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City must provide resources to cover the deficiency until other resources, for example, foreclosure proceedings are received. This bond contains a provision that states, in the event of default, outstanding amounts may become immediately due if the City is unable to make payment. The City expects to make all payments.      \$ 16,565,000

Fiscal Year	Special Assessment Bond		
	Governmental		
	Principal	Interest	Total
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	5,750,000	378,906	6,128,906
Total	\$ 16,565,000	\$ 3,797,297	\$ 20,362,297

Notes Payable:

In fiscal year 2023, the City incurred a \$185,001 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 2025.

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, 2024 the amount of principal outstanding is \$8,529,197.

Utah State Infrastructure Bank Notes Payable			
Fiscal Year	Principal	Interest	Total
2025	\$ 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
Total	<u>\$ 9,427,220</u>	<u>\$ 1,178,698</u>	<u>\$ 10,605,918</u>

**CITY OF SOUTH JORDAN**  
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All Notes and Bonds Payable:

The future annual requirements for all outstanding bond and note obligations as of June 30, 2024, are as follows:

Fiscal Year	All Bonds and Notes		
	Principal	Interest	Total
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>\$ 63,022,220</b>	<b>\$ 18,405,271</b>	<b>\$ 81,427,491</b>



**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

**Changes in Long-Term Debt**

	July 1 2023	Additions	Reductions	June 30 2024	Due in One Year
<b>Governmental Activities:</b>					
Bonds Payable:					
2015 RDA Subordinate Sales Tax and Tax Increment Bonds	\$ 8,845,000	\$ -	\$ 810,000	\$ 8,035,000	\$ 850,000
2016 Special Assessment Bonds	17,780,000	-	1,215,000	16,565,000	1,040,000
2017 Sales Tax Revenue Refunding Bonds	17,515,000	-	770,000	16,745,000	810,000
2019 Sales Tax Revenue Refunding Bonds	12,545,000	-	495,000	12,050,000	520,000
Unamortized Bond Premium	5,908,287	-	422,732	5,485,555	409,187
Total Bonds Payable	62,593,287	-	3,712,732	58,880,555	3,629,187
Notes Payable	10,096,758	-	1,567,561	8,529,197	593,187
Leases Payable	318,258	-	131,929	186,329	121,444
Subscriptions Payable	570,762	268,478	91,458	747,782	80,897
Compensated Absences	3,311,276	1,239,314 *	-	4,550,590	3,788,989
Claims and Judgments	256,254	-	71,254	185,000	71,254
Total Governmental Long-Term Obligations	77,146,595	1,507,792	5,574,934	73,079,453	8,204,061
<b>Business-Type Activities:</b>					
Bonds Payable:					
2017 Water Revenue and Refunding Bonds	2,170,000	-	2,170,000	-	-
Unamortized Bond Premium	248,003	-	248,003	-	-
Total Bonds Payable	2,418,003	-	2,418,003	-	-
Compensated Absences	203,774	99,469 *	-	303,243	258,893
Leases Payable	30,197	-	30,197	-	-
Total Business-Type Long-Term Obligations	2,651,974	99,469	2,448,200	303,243	258,893
<b>Total Government-Wide Long-Term Obligations</b>	<b>\$ 79,798,569</b>	<b>\$ 1,607,261</b>	<b>\$ 8,023,134</b>	<b>\$ 73,382,696</b>	<b>\$ 8,462,954</b>

\* The change in the compensated absences liability is presented as a net change

**GASB Statement 101 Reconciliation**

<b>Governmental Activities:</b>	
June 30, 2023 as previously stated	\$ 3,311,276
Changes due to implementation of GASB 101	1,115,287
June 30, 2023, as restated	4,426,563
June 30, 2024, Net Change	124,027
June 30, 2024 Ending Balance	4,550,590
<b>Business-Type Activities:</b>	
June 30, 2023 as previously stated	203,774
Changes due to implementation of GASB 101	87,543
June 30, 2023, as restated	291,317
June 30, 2024, Net Change	11,926
June 30, 2024 Ending Balance	\$ 303,243

Due to implementation of GASB 101, Fund Balance and Net Position changed by \$1,115,287 in the Governmental activities and \$87,543 in the Business-Type activities (See Note 17).

Sick time liability is calculated based on the past five year average of all employees sick time used, then applied to each employee.

**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/publications](http://www.urs.org/general/publications).

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:

<b>System</b>	<b>Final Average Salary</b>	<b>Years of Service Required and/or Age Eligible for Benefit</b>	<b>Benefit Percentage 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%
Contributory System	Highest 5 Years	30 years, any age 20 years, age 60* 10 years, age 62* 4 years, age 65	1.25% per year to June 1975; 2.00% per year July 1975 to present	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 upon 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	1.50% per year to June 30, 2020 2.00% 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.

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, 2024 are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
<b>Contributory System</b>											
11 Local Government	6.00	13.96	-	111	-	17.77	0.18	211	-	7.95	10.00
<b>Noncontributory System</b>											
15 Local Government	-	17.97	-	111	-	16.01	0.18	211	-	6.19	10.00
<b>Public Safety System</b>											
<b>Noncontributory</b>											
43 Other Div A 2.5% COLA	-	34.04	-	122	2.59	25.83	-	222	-	11.83	14.00
<b>Firefighters Retirement System</b>											
31 Other Division A	15.05	3.61	-	132	2.59	14.08	-	232	-	0.08	14.00

\*\*\*Tier 2 rates include a statutory required contribution to finance the unfunded actuarial accrued liability of the Tier 1 plans.

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**Notes to the Financial Statements**  
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For fiscal year ended June 30, 2024, the employer and employee contributions to the Systems were as follows:

<b>System</b>	<b>Employer Contributions</b>	<b>Employee Contributions</b>
Noncontributory System	\$ 1,896,963	\$ -
Public Safety System	499,466	-
Firefighters System	109,166	455,105
Tier 2 Public Employees System	1,261,852	-
Tier 2 Public Safety and Firefighter	1,496,437	98,717
Tier 2 DC Only System	68,035	0
Tier 2 DC Public Safety and Firefighter System	74,032	0
Total Contributions	\$ 5,405,951	\$ 553,822

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, 2024, the City reported a net pension asset of \$1,757,000 and a net pension liability of \$6,115,558:

	<u><b>(Measurement Date): December 31, 2023</b></u>				<b>Change</b>
	<b>Net Pension Liability</b>	<b>Net Pension Asset</b>	<b>Proportionate Share</b>	<b>Proportionate Share December 31, 2022</b>	<b>(Decrease) / Increase</b>
Noncontributory System	\$ 2,654,092	\$ -	1.1442200%	1.0894493%	0.0547707%
Public Safety System	2,231,375	-	1.5602229	1.6292235	(0.0690006)
Firefighters System	-	1,757,000	7.4863363	7.3387121	0.1476242
Tier 2 Public Employees System	550,963	-	0.2830703	0.2629057	0.0201646
Tier 2 Public Safety and Firefighter System	679,128	-	1.8028733	1.7441811	0.0586922
	<u>\$ 6,115,558</u>	<u>\$ 1,757,000</u>			

The net pension asset and liability were measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023, 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, 2024, the combined City recognized a pension expense of \$3,964,113.

At June 30, 2024, the combined 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	\$ 3,942,052	\$ 55,383
Changes in assumptions	1,988,314	14,370
Net difference between projected and actual earnings on pension plan investments	1,640,887	-
Changes in proportion and differences between contributions and proportionate share of contributions	155,070	148,000
Contributions subsequent to the measurement date	2,698,002	-
	<u>\$ 10,424,325</u>	<u>\$ 217,753</u>

A total of \$2,698,002 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, 2023. These contributions will be recognized as a reduction of the net pension liability as of June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,		Net Deferred Outflows (Inflows) of Resources	
	2024	\$	1,918,947
	2025		1,791,830
	2026		3,342,088
	2027		(427,054)
	2028		118,486
	Thereafter		764,270

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**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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**Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources**

For the year ended June 30, 2024, the City recognized pension expense of \$1,846,243.

At June 30, 2024, 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	\$ 1,858,426	\$ -
Changes in assumptions	796,437	-
Net difference between projected and actual earnings on pension plan investments	863,087	-
Changes in proportion and differences between contributions and proportionate share of contributions	10,110	16,064
Contributions subsequent to the measurement date	941,101	-
	<u>\$ 4,469,162</u>	<u>\$ 16,064</u>

A total of \$941,101 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, 2025. 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>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ 1,161,860
2025	1,089,973
2026	1,622,663
2027	(362,500)
2028	-
Thereafter	-



Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2024, the City recognized pension expense of \$819,277.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 388,825	\$ -
Changes in assumptions	196,074	-
Net difference between projected and actual earnings on pension plan investments	319,399	-
Changes in proportion and differences between contributions and proportionate share of contributions	470	26,384
Contributions subsequent to the measurement date	236,495	-
	<u>\$ 1,141,262</u>	<u>\$ 26,384</u>

A total of \$236,495 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 337,514
2025	55,991
2026	623,823
2027	(138,945)
2028	-
Thereafter	-

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources.

For the year ended June 30, 2024, the City recognized pension expense of (\$286,032).

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,155,175	\$ -
Changes in assumptions	185,618	-
Net difference between projected and actual earnings on pension plan investments	325,117	-
Changes in proportion and differences between contributions and proportionate share of contributions	30,943	75,320
Contributions subsequent to the measurement date	55,912	-
	<u>\$ 1,752,765</u>	<u>\$ 75,320</u>

A total of \$55,912 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 304,149
2025	490,322
2026	836,157
2027	(9,095)
2028	-
Thereafter	-

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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

For the year ended June 30, 2024, the City recognized pension expense of \$719,094.

At June 30, 2024, 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	\$ 176,469	\$ 9,023
Changes in assumptions	315,368	436
Net difference between projected and actual earnings on pension plan investments	62,216	-
Changes in proportion and differences between contributions and proportionate share of contributions	67,036	11,409
Contributions subsequent to the measurement date	673,497	-
	<u>\$ 1,294,588</u>	<u>\$ 20,867</u>

A total of \$673,497 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, 2025. 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>Net Deferred Outflows (Inflows) of Resources</b>
2024	\$ 51,479
2025	73,424
2026	126,405
2027	40,840
2028	55,815
Thereafter	252,259

CITY OF SOUTH JORDAN  
Notes to the Financial Statements  
June 30, 2024

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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, 2024, the City recognized pension expense of \$865,531.

At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 363,156	\$ 46,360
Changes in assumptions	494,817	13,935
Net difference between projected and actual earnings on pension plan investments	71,067	-
Changes in proportion and differences between contributions and proportionate share of contributions	46,511	18,823
Contributions subsequent to the measurement date	790,997	-
	<u>\$ 1,766,547</u>	<u>\$ 79,118</u>

A total of \$790,997 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	Net Deferred Outflows (Inflows) of Resources
2024	\$ 63,945
2025	82,121
2026	133,039
2027	42,646
2028	62,671
Thereafter	512,010

**CITY OF SOUTH JORDAN**  
**Notes to the Financial Statements**  
June 30, 2024

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Actuarial Assumptions. The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

- Inflation 2.50 percent
- Salary Increases 3.5 – 9.5 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, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale 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, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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%	6.87%	2.40%
Debt Securities	20.00	1.54	0.31
Real Assets	18.00	5.43	0.98
Private Equity	12.00	9.80	1.18
Absolute Return	15.00	3.86	0.58
Cash and Cash Equivalents	-	0.24	-
Totals	100.00%		5.45%
		Inflation	2.50%
		Expected Arithmetic Nominal Return	7.95%

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 (asset) 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:

System	1% Decrease or 5.85%	Discount Rate of 6.85%	1% Increase or 7.85%
Noncontributory System	\$ 13,774,599	\$ 2,654,092	\$ (6,658,577)
Public Safety System	7,001,443	2,231,375	(1,655,936)
Firefighters System	2,096,694	(1,757,000)	(4,890,635)
Tier 2 Public Employees System	1,893,029	550,963	(489,810)
Tier 2 Public Safety and Firefighter	2,188,172	679,128	(528,134)
<b>Total</b>	<b>\$ 26,953,937</b>	<b>\$ 4,358,558</b>	<b>\$ (14,223,092)</b>

\*\*\*Pension plan fiduciary net position: Detailed information about the fiduciary net position of the pension plans 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. Concerning the high deductible, the City pays the first \$500,000 of each claim as its liability or high deductible. The Travelers' package liability policy takes over additional covered loss up to an aggregate per year of \$10,000,000 when considering both Primary and Umbrella policies. The city also purchases commercial insurance for risks or maintains the risk at the City level. Various additional policies are purchased through an insurance broker to cover theft, damages, and other exposures. A deductible applies to these 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.

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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, 2024, the following activity occurred in the City’s Redevelopment Agency:

Tax increment collection from other taxing agencies for various project areas	\$10,793,278
Tax increment distributions	4,217,893
Outstanding loans to finance RDA projects	8,035,000
Amounts expended for installation of capital improvements, other public improvements, and housing donations	50,763
Amounts expended for administrative costs	532,224

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 Inter-local 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, 2024, these percentages are as follows:

<u>Participating Cities</u>	<u>Fees and Charges for Ten Preceding Years</u>	<u>Percent</u>
Draper City	\$ 3,164,498	10.43%
Midvale City	1,584,056	5.22
Murray City	2,345,447	7.73
Riverton City	3,402,171	11.22
Sandy City	8,257,724	27.23
South Jordan City	5,096,675	16.80
West Jordan City	6,478,211	21.37
	<u>\$ 30,328,782</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, 2024

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**C. Financial Summary**

	<u>Trans-Jordan Cities</u>	<u>South Jordan City's Share</u>
Total Assets	\$ 69,009,632	\$ 11,593,618
Total Deferred Outflows of Resources	802,677	134,851
Total Liabilities	25,451,380	4,275,832
Total Deferred Inflows of Resources	199,019	33,435
 Total Net Position	 <u>\$ 44,161,910</u>	 <u>\$ 7,419,201</u>
 Total Operating Revenues	 \$ 13,866,771	 \$ 2,329,618
Total Operating Expenses	(10,844,819)	(1,821,930)
Net Operating Income	3,021,952	507,688
Total Non-Operating Income (Expense)	2,188,558	367,678
 Change in Net Position	 <u>\$ 5,210,510</u>	 <u>\$ 875,366</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	\$ 4,206,280	\$ 706,655

**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 inter-local 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, 2024 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 \$236,245 during the year ended June 30, 2024. 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, 2024, 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 2024 is \$65,000. No building or permit fees were paid in fiscal year 2024.

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 2024, the amount paid is \$60,000. No building or permit fees were paid in fiscal year 2024.

## CITY OF SOUTH JORDAN

### Notes to the Financial Statements

June 30, 2024

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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 2024, 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 inter-local 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 inter-local agreement, which includes its portion of the tax increment (20.375 percent) which passed through the RDA. In fiscal year 2024, 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 2024, the amount paid is \$991,283.

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 – CHANGE IN ACCOUNTING PRINCIPLES**

*Implementing Authoritative Guidance:*

The City implemented GASB Statement No. 101, Compensated Absences, in fiscal year 2024. The Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means.

Accrued sick time is now part of the liability reported as compensated absences. Sick time liability is calculated based on the past five year average of all employees sick time used, then applied to each employee.

Implementation of GASB Statement No. 101 changed the beginning compensated balances and resulted in a decrease in Net Positions by \$1,115,287 in the Governmental activities and by \$87,543 in the Business type activities.

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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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Taxes				
Property Tax - Current	\$ 15,719,035	\$ 15,719,035	\$ 15,803,157	\$ 84,122
Property Tax - Delinquent	120,000	120,000	172,873	52,873
Motor Vehicle Tax	882,322	882,322	847,827	(34,495)
Sales and Use Tax	27,447,272	27,447,272	24,168,573	(3,278,699)
Penalties and Interest	10,000	10,000	56,854	46,854
Telecommunications Tax	630,000	630,000	591,141	(38,859)
Energy Sales and Use Tax	5,130,031	5,130,031	5,825,501	695,470
Cable TV Franchise Tax	501,810	501,810	400,999	(100,811)
Transient Room Tax	151,500	151,500	256,819	105,319
Total Taxes	50,591,970	50,591,970	48,123,744	(2,468,226)
Licenses and Permits				
Building Permits	3,683,757	3,683,757	1,678,797	(2,004,960)
Business Licenses	190,000	190,000	215,474	25,474
Solid Waste License Fee	120,000	120,000	184,642	64,642
Miscellaneous	351,500	351,500	313,554	(37,946)
Total Licenses and Permits	4,345,257	4,345,257	2,392,468	(1,952,789)
Intergovernmental Revenues				
Federal Grants	90,000	90,000	59,579	(30,421)
State Grants	-	34,693	45,356	10,663
County Grants	-	-	72,500	72,500
Liquor Fund Allotment	60,000	60,000	82,962	22,962
Total Intergovernmental Revenues	150,000	184,693	260,397	75,704
Charges for Services				
Administrative Fees	4,971,385	4,971,385	4,971,385	-
Ambulance Fees	1,859,452	2,017,452	2,678,639	661,187
Cemetery Fees	395,000	395,000	436,130	41,130
Plan Check and Inspection Fees	48,200	48,200	261,034	212,834
Program and Event Fees	201,650	201,650	331,739	130,089
Zoning and Subdivision Fees	660,000	660,000	(17,847)	(677,847)
Other Services	141,650	141,650	438,207	296,557
Total Charges for Services	8,277,337	8,435,337	9,099,286	663,949
Fines and Forfeitures	490,000	490,000	493,325	3,325
Miscellaneous Revenue				
Investment Earnings	250,000	500,000	6,079,108	5,579,108
Sundry Revenue	346,000	346,500	781,265	434,765
Total Miscellaneous Revenue	596,000	846,500	6,860,373	6,013,873
Total Revenue	64,450,564	64,893,757	67,229,592	2,335,835

(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  
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>EXPENDITURES</b>				
Current:				
General Government				
General Administration	\$ 2,429,095	\$ 2,344,095	\$ 2,030,223	\$ 313,872
City Commerce	356,793	374,033	364,917	9,116
City Recorder	451,983	451,983	339,775	112,208
Finance	3,325,002	4,089,488	3,769,882	319,606
Human Resources	895,555	900,705	793,418	107,287
Office of the City Attorney	1,352,270	1,417,270	1,375,043	42,227
Total General Government	8,810,698	9,577,574	8,673,258	904,316
Administrative Services				
Administration	1,405,587	1,445,587	1,382,820	62,767
Facilities	1,537,940	1,597,940	1,590,390	7,550
Information Services	2,359,512	2,428,712	2,312,458	116,254
Justice Court	738,570	738,570	683,735	54,835
Risk Management	-	-	-	-
Total Administrative Services	6,041,609	6,210,809	5,969,402	241,407
Recreation Programs	2,206,883	2,249,085	2,231,428	17,657
Total Recreation Programs	2,206,883	2,249,085	2,231,428	17,657
Development Services				
Building	2,011,395	2,011,395	1,940,883	70,512
Engineering	3,122,537	3,122,537	3,026,794	95,743
Planning	1,017,716	1,017,716	893,520	124,196
Total Development Services	6,151,648	6,151,648	5,861,196	290,452
Public Works				
Administration	1,283,687	1,283,687	1,109,745	173,942
Cemetery	361,678	361,678	360,788	890
Fleet	1,613,680	1,613,680	1,600,839	12,841
Parks	4,259,902	4,344,902	4,230,182	114,720
Streets	2,883,173	2,874,978	2,598,377	276,601
Total Public Works	10,402,120	10,478,925	9,899,931	578,994
Public Safety				
Fire	12,589,518	12,766,211	12,311,149	455,062
Police & Animal Control	14,078,438	14,387,795	12,498,419	1,889,376
Total Public Safety	26,667,956	27,154,006	24,809,568	2,344,438
Debt Service				
Principal	223,387	223,387	223,387	-
Interest and Fees	24,192	24,192	24,192	-
Total Debt Service	247,580	247,580	247,579	-
Capital Outlay	32,300	32,300	32,322	(22)
Total Expenditures	60,560,793	62,101,926	57,724,685	4,377,241
Excess (Deficiency) of Revenues Over Expenditures	3,889,771	2,791,831	9,504,907	6,713,076
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	233,301	233,301
Lease Financing	-	-	-	-
Transfers In	1,039,705	1,039,705	1,039,705	-
Transfers Out	(4,930,277)	(4,353,986)	(9,166,944)	(4,812,958)
Total Other Financing Sources (Uses)	(3,890,572)	(3,314,281)	(7,893,938)	(4,579,657)
Net Change in Fund Balance	(801)	(522,450)	1,610,969	2,133,419
Fund Balance - July 1	19,027,972	19,027,972	19,027,972	-
Fund Balance - June 30	\$ 19,027,171	\$ 18,505,522	\$ 20,638,942	\$ 2,133,419

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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Taxes	\$ 14,265,000	\$ 14,265,000	\$ 2,312,135	\$ (11,952,865)
Intergovernmental Revenues	-	-	10,793,278	10,793,278
Interest	30,000	30,000	1,623,625	1,593,625
Miscellaneous	-	-	-	-
Total Revenues	14,295,000	14,295,000	14,729,038	434,038
<b>EXPENDITURES</b>				
General Government	629,923	629,923	532,224	97,699
Capital Outlay and Projects	1,020,000	1,020,000	50,763	969,237
Tax Increment Distributions	4,366,500	4,366,500	4,217,893	148,607
Housing Assistance	-	-	-	-
Debt Service				
Principal Retirement	-	-	-	-
Interest and Fees	-	-	-	-
Issuance Cost	-	-	-	-
Total Expenditures	6,016,423	6,016,423	4,800,880	1,215,543
Excess (Deficiency) of Revenues Over Expenditures	8,278,577	8,278,577	9,928,159	1,649,582
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(3,391,430)	(3,391,430)	(3,391,430)	-
Total Other Financing Sources (Uses)	(3,391,430)	(3,391,430)	(3,391,430)	-
Net Change in Fund Balance	4,887,147	4,887,147	6,536,729	1,649,582
Fund Balance - July 1	20,816,138	26,566,473	26,566,473	-
Fund Balance - June 30	\$ 26,566,473	\$ 31,453,620	\$ 33,103,202	\$ 1,649,582

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

For the Year Ended June 30, 2024

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
	2023	1.1442200	0.0000000	1.5602229	7.4863363	0.2830703	1.8028733
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
	2023	2,654,092	-	2,231,375	(1,757,000)	550,963	679,128
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
	2023	10,316,718	-	1,784,131	3,039,925	7,318,327	6,831,161
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
	2023	25.73	0.00	125.07	-57.80	7.53	9.94
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
	2023	96.90	0.00	93.44	106.79	89.58	89.10

\* 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

For the Year Ended June 30, 2024

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	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
	2024	1,896,963	1,896,963	-	10,589,049	17.91
Contributory System	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	-	-	-	-	1.52
	2019	-	-	-	-	0.00
	2020	-	-	-	-	0.00
	2021	-	-	-	-	0.00
	2022	-	-	-	-	0.00
	2023	-	-	-	-	0.00
	2024	-	-	-	-	0.00
Public Safety System	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
	2024	499,466	499,466	-	1,599,466	31.23
Firefighters System	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
	2024	109,166	109,166	-	3,202,782	3.41

(Continued)

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

For the Year Ended June 30, 2024

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
Tier 2 Public Employees System**	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
	2024	1,261,852	1,261,852	-	7,881,653	16.01
Tier 2 Public Safety and Firefighter System**	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
	2024	1,496,437	1,496,437	-	7,447,343	20.09
Tier 2 Public Employees DC Only System**	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
	2024	68,035	68,035	-	1,099,108	6.19
Tier 2 Public Safety and Firefighter DC Only System**	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
	2024	74,032	74,032	-	1,100,273	6.73

\* 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.

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, 2024, were as follows:

	2024		2023		2022	
<b>401(k) Plan</b>						
Employer Contribution	\$	1,288,424	\$	1,132,041	\$	1,002,507
Employee Contribution	\$	1,169,788	\$	1,034,843	\$	968,269
<b>457 Plan</b>						
Employer Contribution	\$	553,284	\$	465,706	\$	379,741
Employee Contribution	\$	697,549	\$	653,785	\$	563,029
<b>Roth IRA Plan</b>						
Employer Contribution		N/A		N/A		N/A
Employee Contribution	\$	228,853	\$	212,495	\$	153,207
<b>Traditional IRA Plan</b>						
Employer Contribution		N/A		N/A		N/A
Employee Contribution	\$	4,285	\$	4,165	\$	4,470

\*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.





# 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.
- 5) **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.

### CAPITAL PROJECTS FUND

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Capital project funds are used to account for the construction of budgeted capital projects within the City.

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- 1) **Capital Projects Fund** - This 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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Debt service funds are used to account for the accumulation of resources and payment of bond principal and interest.

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- 1) **Debt Service Fund** - This fund is used to account for the accumulation of resources and payment of bond principal and interest.

**CITY OF SOUTH JORDAN**  
**Combining Balance Sheet**  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2024

	Special Revenue				Debt Service	
	Storm	Community	Fitness	Interfacility	Municipal	
	Drain	Development	Center	Ambulance	Building	Total
		Building Grant			Authority	
<b>ASSETS</b>						
Cash, Cash Equivalents, and Investments	\$ 898,000	\$ -	\$ 143,080	\$ 1,602,951	\$ 2,248	\$ 2,646,278
Restricted Cash	-	-	-	-	-	-
Receivables						
Accounts	428,318	133,336	-	941,535	-	1,503,189
Due From Other Funds	74,736	-	-	-	-	74,736
Total Assets	<u>\$ 1,401,054</u>	<u>\$ 133,336</u>	<u>\$ 143,080</u>	<u>\$ 2,544,486</u>	<u>\$ 2,248</u>	<u>\$ 4,224,203</u>
<b>LIABILITIES</b>						
Accounts Payable and Accrued Liabilities	62,887	58,600	-	459,827	-	581,315
Due to Other Funds	-	74,736	-	-	-	74,736
Total Liabilities	<u>62,887</u>	<u>133,336</u>	<u>-</u>	<u>459,827</u>	<u>-</u>	<u>656,051</u>
<b>FUND BALANCES</b>						
Nonspendable	-	-	-	-	-	-
Committed	-	-	-	-	-	-
Assigned	1,338,166	-	143,080	2,084,659	2,248	3,568,153
Total Fund Balances	<u>1,338,166</u>	<u>-</u>	<u>143,080</u>	<u>2,084,659</u>	<u>2,248</u>	<u>3,568,153</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 1,401,054</u>	<u>\$ 133,336</u>	<u>\$ 143,080</u>	<u>\$ 2,544,486</u>	<u>\$ 2,248</u>	<u>\$ 4,224,203</u>

**CITY OF SOUTH JORDAN****Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**

Nonmajor Governmental Funds

For the Year Ended June 30, 2024

	Special Revenue				Debt Service	
	Storm Drain	Community Development Building Grant	Fitness Center	Interfacility Ambulance	Municipal Building Authority	Total
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 448,473	\$ -	\$ -	\$ -	\$ 448,473
Charges for Services	3,490,545	-	-	2,701,371	-	6,191,916
Interest	34,173	-	-	53,462	2,248	89,882
Miscellaneous	19,924	-	-	-	-	19,924
Total Revenues	<u>3,544,642</u>	<u>448,473</u>	<u>-</u>	<u>2,754,833</u>	<u>2,248</u>	<u>6,750,196</u>
<b>EXPENDITURES</b>						
Current						
General Government	-	-	-	-	-	-
Development Services	-	102,826	-	-	-	102,826
Public Safety	-	-	-	865,128	-	865,128
Public Works	1,958,311	-	-	-	-	1,958,311
Recreation	-	-	-	-	-	-
Debt Service						
Principal	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-
Capital Outlay and Projects	362,610	345,647	-	-	-	708,257
Debt Service						-
Principal Retirement	-	-	-	-	-	-
Other	-	-	-	-	-	-
Interest and Fees	-	-	-	-	-	-
Total Expenditures	<u>2,320,921</u>	<u>448,473</u>	<u>-</u>	<u>865,128</u>	<u>-</u>	<u>3,634,522</u>
Excess (Deficiency) of Revenues over Expenditures	<u>1,223,721</u>	<u>-</u>	<u>-</u>	<u>1,889,705</u>	<u>2,248</u>	<u>3,115,674</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Sale of Capital Assets	-	-	-	-	-	-
Transfers In	-	-	-	-	-	-
Transfers Out	(912,941)	-	(1,022,646)	(1,855,000)	(354,684)	(4,145,271)
Total Other Financing Sources (Uses)	<u>(912,941)</u>	<u>-</u>	<u>(1,022,646)</u>	<u>(1,855,000)</u>	<u>(354,684)</u>	<u>(4,145,271)</u>
Net Change in Fund Balances	310,780	-	(1,022,646)	34,705	(352,436)	(1,029,597)
Fund Balances - Beginning	1,027,386	-	1,165,726	2,049,954	354,684	4,597,750
Fund Balances - Ending	<u>\$ 1,338,166</u>	<u>\$ -</u>	<u>\$ 143,080</u>	<u>\$ 2,084,659</u>	<u>\$ 2,248</u>	<u>\$ 3,568,153</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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Charges for Services	\$ 3,425,089	\$ 3,425,089	\$ 3,490,545	\$ 65,456
Interest	12,000	12,000	34,173	22,173
Miscellaneous	13,000	13,000	19,924	6,924
Total Revenues	<u>3,450,089</u>	<u>3,450,089</u>	<u>3,544,642</u>	<u>94,553</u>
<b>EXPENDITURES</b>				
Public Works	2,132,011	2,132,011	1,958,311	173,700
Capital Outlay	375,000	375,000	362,610	12,390
Total Expenditures	<u>2,507,011</u>	<u>2,507,011</u>	<u>2,320,921</u>	<u>186,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>943,078</u>	<u>943,078</u>	<u>1,223,721</u>	<u>280,643</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	-	-
Transfers In	-	-	-	-
Transfers Out	(912,941)	(912,941)	(912,941)	-
Total Other Financing Sources (Uses)	<u>(912,941)</u>	<u>(912,941)</u>	<u>(912,941)</u>	<u>-</u>
Net Change in Fund Balance	30,137	30,137	310,780	280,643
Fund Balance - July 1	<u>1,027,386</u>	<u>1,027,386</u>	<u>1,027,386</u>	<u>-</u>
Fund Balance - June 30	<u>\$ 1,057,523</u>	<u>\$ 1,057,523</u>	<u>\$ 1,338,166</u>	<u>\$ 280,643</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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 240,000	\$ 549,278	\$ 448,473	\$ (100,805)
Total Revenues	<u>240,000</u>	<u>549,278</u>	<u>448,473</u>	<u>(100,805)</u>
<b>EXPENDITURES</b>				
Development Services	44,000	94,030	102,826	(8,796)
Capital Outlay	150,000	409,248	345,647	63,601
Total Expenditures	<u>194,000</u>	<u>503,278</u>	<u>448,473</u>	<u>54,805</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>46,000</u>	<u>46,000</u>	<u>-</u>	<u>(46,000)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	46,000	46,000	-	(46,000)
Fund Balance - July 1	-	-	-	-
Fund Balance - June 30	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>-</u>	<u>\$ (46,000)</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, 2024

	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	-	(1,022,646)	(1,022,646)	-
Total Other Financing Sources (Uses)	-	(1,022,646)	(1,022,646)	-
Net Change in Fund Balance	-	(1,022,646)	(1,022,646)	-
Fund Balance - July 1	1,165,726	1,165,726	1,165,726	-
Fund Balance - June 30	\$ 1,165,726	\$ 143,080	143,080	\$ -

**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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Charges for Services	\$ 2,200,000	\$ 2,200,000	\$ 2,701,371	\$ 501,371
Interest	-	-	53,462	53,462
Total Revenues	2,200,000	2,200,000	2,754,833	554,833
<b>EXPENDITURES</b>				
Public Safety	1,089,294	1,089,294	865,128	224,166
Capital Outlay	-	-	-	-
Total Expenditures	1,089,294	1,089,294	865,128	224,166
Excess of Revenues Over Expenditures	1,110,706	1,110,706	1,889,705	778,999
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Transfers Out	(1,855,000)	(1,855,000)	(1,855,000)	-
Total Other Financing Sources	(1,855,000)	(1,855,000)	(1,855,000)	-
Net Change in Fund Balance	(744,294)	(744,294)	34,705	778,999
Fund Balance - July 1	2,049,954	2,049,954	2,049,954	-
Fund Balance - June 30	\$ 1,305,660	\$ 1,305,660	\$ 2,084,659	\$ 778,999



**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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Interest	\$ -	\$ -	\$ 2,248	\$ 2,248
Total Revenues	-	-	2,248	2,248
<b>EXPENDITURES</b>				
Debt Service				
Principal	-	-	-	-
Interest and Fees	-	-	-	-
Total Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	-	-	2,248	2,248
<b>OTHER FINANCING SOURCES</b>				
Transfers In	-	-	-	-
Transfers Out	-	-	(354,684)	(354,684)
Total Other Financing Sources	-	-	(354,684)	(354,684)
Net Change in Fund Balance	-	-	(352,436)	(352,436)
Fund Balance - July 1	354,684	354,684	354,684	-
Fund Balance - June 30	\$ 354,684	\$ 354,684	\$ 2,248	\$ (352,436)

## 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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Intergovernmental	\$ 4,035,880	\$ 4,035,880	\$ 5,792,632	\$ 1,756,752
Impact Fees	1,600,000	1,600,000	940,917	(659,083)
Taxes	2,224,830	2,224,830	2,147,773	(77,057)
Interest	150,000	150,000	395,019	245,019
Miscellaneous	-	418,806	1,291,611	872,805
Total Revenues	<u>8,010,710</u>	<u>8,429,516</u>	<u>10,567,952</u>	<u>2,138,436</u>
<b>EXPENDITURES</b>				
Capital Outlay				
Road and Bridge	6,314,964	20,568,796	13,601,354	6,967,441
Parks	752,000	2,215,986	994,917	1,221,069
Storm Drain	960,000	5,641,847	1,407,520	4,234,327
Facilities	170,000	1,224,841	198,016	1,026,825
Other Projects	4,538,000	12,459,247	7,138,574	5,320,673
Developer Reimbursement	-	330,306	330,306	-
Debt Service				
Principal	-	-	897,967	(897,967)
Interest	-	-	-	-
Total Expenditures	<u>12,734,964</u>	<u>42,441,022</u>	<u>24,568,654</u>	<u>17,872,368</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(4,724,254)</u>	<u>(34,011,507)</u>	<u>(14,000,702)</u>	<u>20,010,805</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	-	-	472,302	472,302
Issuance of Loan	737,511.00	737,511.00	-	(737,511)
Subscription Financing	-	-	268,478	268,478
Transfers In	5,634,563	6,680,104	11,478,362	4,798,258
Transfers Out	(2,075,623)	(5,174,383)	(5,174,383)	-
Total Other Financing Sources (Uses)	<u>4,296,451</u>	<u>2,243,233</u>	<u>7,044,759</u>	<u>4,801,526</u>
Net Change in Fund Balance	(427,803)	(31,768,274)	(6,955,943)	24,812,331
Fund Balance - July 1	92,722,875	92,722,875	92,722,875	-
Fund Balance - June 30	<u>\$ 92,295,072</u>	<u>\$ 60,954,601</u>	<u>\$ 85,766,932</u>	<u>\$ 24,812,331</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, 2024

	Original Budget	Final Budget	Actual Amounts	Variances with Final Budget
<b>REVENUES</b>				
Special Assessments	\$ 2,158,150	\$ 2,158,150	\$ 2,900,897	\$ 742,747
Interest	10,400	10,400	20,100	9,700
Total Revenues	<u>2,168,550</u>	<u>2,168,550</u>	<u>2,920,997</u>	<u>752,447</u>
<b>EXPENDITURES</b>				
General Government	-	-	79,500	(79,500)
Debt Service				
Principal	4,129,308	4,129,308	3,959,593	169,715
Interest and Fees	2,736,439	2,736,439	2,520,049	216,390
Total Expenditures	<u>6,865,747</u>	<u>6,865,747</u>	<u>6,559,142</u>	<u>306,605</u>
Deficiency of Revenues Over Expenditures	<u>(4,697,197)</u>	<u>(4,697,197)</u>	<u>(3,638,146)</u>	<u>1,059,051</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers In	5,911,426	8,364,869	8,364,869	-
Transfers Out	-	-	-	-
Total Other Financing Sources	<u>5,911,426</u>	<u>8,364,869</u>	<u>8,364,869</u>	<u>-</u>
Net Change in Fund Balance	1,214,229	3,667,672	4,726,724	1,059,051
Fund Balance - July 1	3,708,779	3,708,779	3,708,779	-
Fund Balance - June 30	<u>\$ 4,923,008</u>	<u>\$ 7,376,451</u>	<u>\$ 8,435,503</u>	<u>\$ 1,059,051</u>

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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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**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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**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.

Ratios of Outstanding Debt by Type .....	146
Direct and Overlapping Governmental Activities Debt .....	147
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**DEMOGRAPHIC AND ECONOMIC DEVELOPMENT INFORMATION** - These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

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Principal Employers .....	152
Full-time Equivalent City Government Employees by Function/Program .....	153

**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 .....	154
Operating Indicators by Function/Program .....	155

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Governmental Activities										
Net Investment in Capital Assets	\$ 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	\$ 286,119,759
Restricted	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	26,052,145
Unrestricted	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	160,280,549
Total Governmental Activities Net Position	<u>267,296,447</u>	<u>311,896,810</u>	<u>299,636,164</u>	<u>307,078,705</u>	<u>299,439,550</u>	<u>352,053,837</u>	<u>379,132,162</u>	<u>412,260,336</u>	<u>454,889,886</u>	<u>472,452,453</u>
Business-type Activities										
Net Investment in Capital Assets	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	148,153,432
Restricted	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	1,238,565
Unrestricted	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	56,337,112
Total Business-type Activities Net Position	<u>122,494,412</u>	<u>130,996,427</u>	<u>143,128,742</u>	<u>150,486,583</u>	<u>162,412,267</u>	<u>178,467,301</u>	<u>187,656,945</u>	<u>193,717,984</u>	<u>199,269,508</u>	<u>205,729,109</u>
Primary Government										
Net Investment in Capital Assets	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	434,273,191
Restricted	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	27,290,710
Unrestricted	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	216,617,660
Total Primary Government Net Position	<u>\$ 389,790,859</u>	<u>\$ 442,893,237</u>	<u>\$ 442,764,906</u>	<u>\$ 457,565,288</u>	<u>\$ 461,851,817</u>	<u>\$ 530,521,138</u>	<u>\$ 566,789,107</u>	<u>\$ 605,978,320</u>	<u>\$ 654,159,394</u>	<u>\$ 678,181,561</u>

# CITY OF SOUTH JORDAN

## Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Expenses</b>										
Governmental Activities:										
General Government	\$ 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	\$ 19,940,078
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	3,626,463	3,979,425	3,394,698	4,318,675	4,875,349	5,456,960	4,909,963	4,740,376	5,364,271	6,132,504
Public Works	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	27,534,575
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	2,263,785
Public Safety	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	28,818,291
Parks, Recreation, and Culture	-	-	-	-	-	-	-	-	-	-
Interest on Long-term Debt	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	2,283,208
Total Governmental Activities Expenses	52,763,122	58,513,010	80,528,387	69,341,219	80,415,494	72,944,869	76,236,436	68,962,569	81,285,105	86,972,441
Business-type Activities										
Water	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	23,316,480
Sanitation	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	5,698,608
Mulligans	997,913	955,743	892,923	1,125,656	1,089,321	1,061,018	1,260,093	1,374,337	1,795,837	1,631,680
Internal Service Fund**	-	-	-	-	-	-	-	-	-	830,510
Total Business-type Activities Expenses	18,867,496	20,146,497	22,313,517	21,551,515	21,498,641	24,292,485	27,832,031	27,072,691	28,964,348	31,477,278
Total Primary Government Expenses	71,630,618	78,659,507	102,841,904	90,892,734	101,914,135	97,237,354	104,068,467	96,035,260	110,249,453	118,449,719
<b>Program Revenues</b>										
Governmental Activities:										
Charges for Services:										
General Government	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	8,122,887
Administrative Services	-	-	-	-	673,040	242,848	241,950	361,628	-	-
Community Services	50,104	55,098	67,194	82,357	-	-	-	-	-	-
Development Services	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	2,360,191
Public Works	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	6,364,769
Recreation	1,796,106	1,788,484	1,793,237	1,636,357	1,673,498	883,997	2,443	407,306	449,576	331,739
Public Safety	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	5,873,335
Parks, Recreation, and Culture	-	-	-	-	-	-	-	-	-	-
Operating Grants and Contributions	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	6,501,502
Capital Grants and Contributions	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	5,048,628
Total Governmental Activities Programs Revenues	35,311,480	61,369,129	28,774,526	29,585,752	26,930,177	72,050,981	43,799,431	45,465,519	33,980,769	34,603,051
Business-type Activities:										
Charges for Services:										
Water	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	24,267,821
Sanitation	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	6,739,584
Mulligans	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	2,255,367
Internal Service Fund	-	-	-	-	-	-	-	-	-	652,972
Operating Grants and Contributions	-	-	-	-	-	-	171,236	87,395	277,756	158,873
Capital Grants and Contributions	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	384,870
Total Business-type Activities Program Revenues	26,257,638	28,653,421	30,444,859	28,802,264	28,155,194	38,131,853	37,176,806	33,051,831	32,887,691	34,459,487
Total Primary Governmental Program Revenues	61,569,118	90,022,550	59,219,385	58,388,016	55,085,371	110,182,834	80,976,237	78,517,350	66,868,460	69,062,538

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

\*\* Internal Service Fund added as of FY2024

(Continued)



**CITY OF SOUTH JORDAN**
**Changes in Net Position (continued)**

Last Ten Fiscal Years

(accrual basis of accounting)

	Fiscal Year									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
<b>Net (Expense)/Revenue</b>										
Governmental Activities	(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)	(52,369,390)
Business-type Activities	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	2,982,209
Total Primary Government Net Expense	(10,061,500)	11,363,043	(43,622,521)	(32,504,718)	(46,828,764)	12,945,480	(23,092,230)	(17,517,910)	(43,380,993)	(49,387,181)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental Activities:										
Taxes										
Property Taxes	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	20,625,213
Sales and Use Taxes	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	24,168,573
Energy Sales and Use Tax	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	5,825,501
Other Taxes	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	2,096,786
Intergovernmental Pass-Through	-	-	-	-	-	-	-	-	8,000,000	10,793,278
Gain (Loss) on Disposition of Capital Assets	323,617	345,920	198,188	83,163	596,614	730,503	1,896,494	522,459	16,004,265	325,249
Investment Earnings	388,660	884,202	1,212,872	2,675,538	3,432,806	2,812,937	1,413,239	(784,718)	5,033,605	8,207,735
Transfers	4,909	4,909	(4,000,973)	(107,091)	(4,132,995)	(1,395,091)	461,602	(362,091)	21,909	(995,091)
Total Governmental Activities	38,033,539	41,744,244	39,493,215	47,198,008	45,846,162	53,508,175	59,515,330	56,625,224	89,933,886	71,047,244
Business-type Activities:										
Gain (Loss) on Disposal of Capital Assets	-	-	-	-	-	-	-	-	-	-
Investment Earnings	-	-	-	-	1,136,136	820,575	306,471	(280,192)	1,650,090	2,569,843
Transfers	(4,909)	(4,909)	4,000,973	107,091	4,132,995	1,395,091	(461,602)	362,091	(21,909)	995,091
Total Business-type Activities	(4,909)	(4,909)	4,000,973	107,091	5,269,131	2,215,666	(155,131)	81,899	1,628,181	3,564,934
Total Primary Government	38,028,630	41,739,335	43,494,188	47,305,099	51,115,293	55,723,841	59,360,199	56,707,123	91,562,067	74,612,178
<b>Change in Net Position</b>										
Governmental Activities	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	18,677,854
Business-type Activities	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	6,547,143
Total Primary Government	\$ 27,967,130	\$ 53,102,378	\$ (128,333)	\$ 14,800,381	\$ 4,286,529	\$ 68,669,321	\$ 36,267,969	\$ 39,189,213	\$ 48,181,074	\$ 25,224,997

**CITY OF SOUTH JORDAN****Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	<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>	<u>2024</u>
General Fund										
Nonspendable	\$ 527,304	\$ 150,539	\$ 145,704	\$ 70,634	\$ 25,477	\$ 14,050	\$ 34,039	\$ 83,946	\$ 54,373	\$ 38,250
Restricted	163,911	733,574	481,571	263,678	283,265	1,705,153	309,159	230,101	293,027	343,866
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	-	378,200	401,382	139,038	269,622	2,411,526	470,787	431,429	312,161	1,073,461
Unassigned	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	19,183,365
Total General Fund	<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>	<u>\$ 20,638,942</u>
All Other Governmental Funds										
Nonspendable	\$ 3,932,631	\$ -	\$ -	\$ 2,526	\$ 2,526	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	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	23,951,279
Committed	-	-	-	-	-	-	-	-	-	-
Assigned	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	106,922,511
Unassigned	-	-	-	-	-	-	-	-	-	-
Total All Other Governmental Funds	<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>	<u>\$ 130,873,790</u>

**CITY OF SOUTH JORDAN**

**Changes in Fund Balances, Governmental Funds**

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	<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>	<u>2024</u>
<b>Revenues</b>										
Taxes	\$ 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	\$ 52,583,652
Licenses and Permits	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	2,392,468
Intergovernmental	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	17,294,780
Charges for Services	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	15,291,202
Fines and Forfeitures	902,968	842,865	599,267	601,668	582,999	454,674	510,318	489,175	477,892	493,325
Special Assessments	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	2,900,897
Interest	388,660	884,199	1,212,872	2,675,538	3,432,805	2,812,937	1,413,239	(784,718)	5,033,605	8,207,735
Impact fees	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	940,917
Miscellaneous	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	2,092,800
<b>Total Revenues</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>102,197,776</b>
<b>Expenditures</b>										
General Government	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	8,169,695
Administrative Services	-	-	-	-	8,755,622	9,658,035	9,820,160	6,046,338	5,795,034	6,044,272
Community Services	1,165,684	1,242,376	1,166,694	1,112,654	-	-	-	-	-	-
Development Services	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	5,964,022
Public Works	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	17,136,736
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	2,302,794
Public Safety	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	25,899,695
Tax Increment Distributions	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	4,217,893
Developer Reimbursement	-	-	24,070,898	5,412,565	11,232,775	192,613	60,663	33,710	269,142	330,306
Capital Outlay	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	18,481,994
Debt Service										
Principal	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	5,080,948
Interest and Fees	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	2,544,241
Other	-	893,278	339,356	-	-	201,464	-	-	-	-
<b>Total Expenditures</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>	<b>96,172,596</b>
Excess (Deficiency) of Revenues over Expenditures	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	6,025,180

(Continued)

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

Last Ten Fiscal Years

(modified accrual basis of accounting)

	Fiscal Year									
	<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>	<u>2024</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	1,385,000	970,000	-	-	-	-	-	349,677	182,289	-
Subscription Financing	-	-	-	-	-	-	-	-	605,934	268,478
Sale of Capital Assets	354,857	417,777	334,766	767,348	1,324,330	1,046,044	1,949,999	528,597	189,327	705,603
Transfers In	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	20,882,936
Transfers Out	(9,976,292)	(10,569,202)	(13,222,438)	(14,352,312)	(14,905,520)	(17,477,932)	(23,159,508)	(20,885,598)	(17,726,211)	(21,878,028)
Total Other Financing Sources (Uses)	1,744,766	50,120,176	20,071,806	660,257	(2,808,665)	17,525,998	2,411,601	10,216,183	1,983,459	(21,011)
Net Change in Fund Balances	<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>	<u>\$ 6,004,169</u>
*Debt Service as a Percentage of Noncapital Expenditures	9%	11%	17%	13%	13%	19%	12%	15%	10%	9%

\*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
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
2024	10,916,271,206	1,531,154,265	296,359,780	47,083,654	12,696,701,596	1.37	20,028,568,946	63.39

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
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
2024	1.37	1.37	5.39	0.45	1.46	0.01	0.40	0.40	0.19	0.32	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	2024			2015		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
RiverPark LLC	\$ 252,143,800	1	1.99%	\$ 227,124,300	1	4.67%
eBay Inc	217,742,300	2	1.71	90,498,700	4	1.86
VP Daybreak Operations/Investments LLC	204,880,085	3	1.61			
Merit Medical Systems Inc	151,907,670	4	1.20	61,931,280	5	1.27
Boyer Jordan Heights	115,728,900	5	0.91	130,366,700	2	2.68
San Tropez Holdings LLC	110,129,345	6	0.87	59,098,930	6	1.22
DEF Properties	84,928,900	7	0.67			
GMC Property Management	77,428,952	8	0.61			
Wal-Mart	64,616,000	9	0.51	52,691,500	7	1.08
Sterling Village Partners LLC	45,744,435	10	0.36	29,283,980	9	0.60
Kennecott				126,644,325	3	2.61
Ivory Development LLC				32,283,160	8	0.66
Pheasant Hollow Business Park				27,148,700	10	0.56
Total	<u>\$ 1,325,250,387</u>		<u>10.44%</u>	<u>\$ 837,071,575</u>		<u>17.22%</u>

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
2015	\$ 10,803,390	\$ 10,566,323	97.81%	\$ 122,884	\$ 10,689,207	98.94%
2016	11,225,475	10,979,400	97.81	119,631	11,099,031	98.87
2017	11,597,117	11,364,805	98.00	122,784	11,487,589	99.06
2018	12,144,354	11,897,337	97.97	164,341	12,061,678	99.32
2019	13,386,528	13,142,262	98.18	159,815	13,302,077	99.37
2020	14,180,819	13,919,275	98.16	126,770	14,046,045	99.05
2021	14,650,720	14,405,738	98.33	143,246	14,548,985	99.31
2022	15,211,153	14,964,513	98.38	142,447	15,106,960	99.32
2023	17,544,719	17,255,636	98.35	103,184	17,358,820	98.94
2024	18,115,175	17,487,080	96.53	-	17,487,080	96.53

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*	2024			2015		
	South Jordan Direct POS	Rank	Percentage of Total Direct POS	South Jordan Direct POS	Rank	Percentage of Total Direct POS
Retail/Grocery	\$ 1,702,699	1	7.01%	\$ 1,008,729	1	8.84%
Retail/Grocery	1,557,591	2	6.42			
Auto Sales	1,104,448	3	4.55	416,674	8	3.65
Auto Sales	934,661	4	3.85	532,040	4	4.66
Retail/Grocery	916,948	5	3.78	754,626	3	6.61
Retail/Grocery	868,469	6	3.58	431,727	7	3.78
Auto Sales	759,527	7	3.13			
Retail/Grocery	716,942	8	2.95	474,906	6	4.16
Auto Sales	639,819	9	2.64			
Retail/Grocery	590,772	10	2.43			
Undisclosed**				811,525	2	7.11
Information Technology				502,357	5	4.40
Auto Sales				333,031	9	2.92
Utility				324,492	10	2.84
Total	<u>\$ 9,791,877</u>		<u>40.34%</u>	<u>\$ 5,590,108</u>		<u>48.99%</u>

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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Fiscal Year	South Jordan City Direct Rate	Salt Lake County	State of Utah
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
2024	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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	Fiscal Year <u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Water Sales	\$ 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	\$ 22,964,195
Secondary Water Sales	736,857	735,874	740,236	744,923	799,631	812,433	817,895	838,872	848,083	853,690
Other	<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>	<u>449,937</u>
Total Water Fund Revenue	<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>	<u>\$ 24,267,821</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)

	Governmental Activities									Business-type Activities					
						Subordinate Sales Tax/Tax Increment									
Fiscal Year	Municipal Bldg Authority	Sales Tax Increment Bonds	Leases	SBITA	Special Assessment Bond	Tax/Tax Increment Bond	Notes Payable	RDA Tax Increment Bond	Water Revenue Bonds	Leases	Municipal Bldg Authority (Mulligans)	Total Primary Government	Percentage of Personal Income	Per Capita	
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	
2024	-	32,633	87	839	17,419	8,827	8,529	-	-	10	-	68,344	1.37	772	

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, 2024

<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*	\$ 409,093,099	6.69%	\$ 27,374,208
Jordan School District	149,874,000	27.95%	41,882,587
Central Utah Water Cons. District	116,401,403	6.69%	7,788,927
Subtotal overlapping debt			77,045,722
City direct debt			68,343,863
<b>Total direct and overlapping debt</b>			<b>\$ 145,389,585</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 12/31/2023

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

**Legal Debt Margin Calculation for Fiscal Year 2024**

Assessed Value	\$ 12,696,702
Reasonable Fair Cash Value	\$ 20,028,569
Debt Limit (8% of Reasonable Cash Value)	1,602,286
Debt applicable to limit:	
General obligation bonds	-
Less: Amount set aside for repayment of general obligation debt	-
Total net debt applicable to limit	-
Legal debt margin	<u><u>\$ 1,602,286</u></u>

	Fiscal Year									
	<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>	<u>2024</u>
Debt limit										
General (4% Fair Cash Value)	\$ 289,409	\$ 320,993	\$ 354,758	\$ 383,732	\$ 429,891	\$ 477,539	\$ 512,538	\$ 575,413	\$ 770,146	\$ 801,143
Water and Sewer (4% Fair Cash Value)	289,409	320,993	320,993	354,758	383,732	477,539	512,538	575,413	770,146	801,143
Total 8% Debt Limit	<u>578,818</u>	<u>641,986</u>	<u>675,751</u>	<u>738,490</u>	<u>813,623</u>	<u>955,077</u>	<u>1,025,077</u>	<u>1,150,826</u>	<u>1,540,292</u>	<u>1,602,286</u>
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><u>\$ 578,818</u></u>	<u><u>\$ 641,986</u></u>	<u><u>\$ 675,751</u></u>	<u><u>\$ 738,490</u></u>	<u><u>\$ 813,623</u></u>	<u><u>\$ 955,077</u></u>	<u><u>\$ 1,025,077</u></u>	<u><u>\$ 1,150,826</u></u>	<u><u>\$ 1,540,292</u></u>	<u><u>\$ 1,602,286</u></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 Assesment Bonds	Debt Service			Sales and Use Tax	Debt Service		
				Principal	Interest	Coverage		Principal	Interest	Coverage		Principal	Interest	Coverage
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
2024	24,268	17,495	6,773	2,170	54	3.05	2,154	1,215	564	1.21	24,169	2,075	1,769	6.29

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)

MBA Lease Revenue Bonds**					Tax Increment Revenue Bond*				
Fiscal Year	Sales and Use Tax	Debt Service			Project Revenues	Debt Service			
		Principal	Interest	Coverage		Principal	Interest	Coverage	
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	-	-	-	-	-	-	-	-	
2024	-	-	-	-	-	-	-	-	

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

---

Calendar Year	Population	Personal Income (AGI)	Per Capita Personal Income	Unemployment Rate
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
2024	88,535	4,978,706,093 (1)	56,234	2.9

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 & 2024 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>	2024			2015		
	<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	2,058	1	6.62%	1,612	1	6.75%
Ultradent	1,576	3	5.07	1,030	3	4.31
Jordan School District	1,706	2	5.49	1,392	2	5.83
Sam's Club/Wal-Mart Supercenter	707	4	2.28	625	4	2.62
Cricut	696	6	2.24			0.00
Lucid	699	5	2.25			0.00
South Jordan City	586	7	1.89	481	9	2.01
Lifetime Fitness	561	8	1.81			0.00
AdvancedMD	537	9	1.73			0.00
Merrick Bank Corporation	520	10	1.67			0.00
University Healthcare			0.00			0.00
Rio Tinto			0.00	524	7	2.19
Extend Health			0.00	587	5	2.46
IHC Health Services			0.00	573	6	2.40
Morgan Stanley Smith Barney			0.00	403	10	1.69
Dealer Track Systems			0.00	488	8	2.04
Total	<u>9,646</u>		<u>31.02%</u>	<u>7,715</u>		<u>32.30%</u>

Source: The City of South Jordan

# CITY OF SOUTH JORDAN

## Full-Time Equivalent City Government Employees by Function/Program

Last Ten Fiscal Years

	<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>	<u>2024</u>
<u>Function/Program</u>										
General government	10.27	11.25	10.87	9.53	9.62	10.24	10.26	11.44	11.44	11.54
Management Services	16.00	17.00	22.00	22.43	23.50	24.49	24.48	24.49	22.51	23.61
Finance	9.55	9.58	12.13	15.57	19.01	18.03	18.59	19.00	19.00	19.00
Planning	7.00	7.00	7.21	7.15	7.40	7.82	7.60	7.25	8.00	7.00
Building	12.00	13.00	14.00	13.00	13.00	13.00	13.00	14.00	14.00	12.00
Legal <sup>2</sup>	6.52	7.30	5.37	6.39	6.36	6.70	6.68	5.90	6.64	6.51
Municipal Court <sup>2</sup>	6.13	6.00	4.03	5.30	5.00	4.00	5.00	4.00	4.00	4.00
Other	28.02	28.22	29.80	30.01	27.57	26.69	25.71	26.23	27.98	27.80
Police										
Officers	48.00	50.00	51.00	57.00	60.00	62.00	59.00	62.00	68.00	69.00
Civilians	14.58	13.22	15.99	14.43	15.65	14.80	16.93	18.92	19.25	19.31
Fire										
Firefighters and Officers	48.10	48.58	63.22	62.69	61.85	65.36	71.85	81.04	85.95	86.18
Civilians	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Refuse Collections	2.00	3.00	3.00	3.00	3.00	4.00	4.19	5.17	5.00	5.00
Other Public Works										
Engineering	17.00	17.00	17.81	18.04	19.32	18.75	19.24	18.99	19.62	22.11
Streets <sup>2</sup>	14.13	14.33	14.22	17.10	16.16	15.24	15.16	14.00	19.00	18.00
Storm Drain <sup>2</sup>	9.00	9.00	9.00	9.00	10.00	11.00	11.00	11.00	11.00	10.00
Other	14.66	15.73	14.22	15.67	17.00	17.00	18.00	19.00	21.00	20.13
Redevelopment	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Parks and Recreation	65.07	61.53	64.53	64.66	69.85	60.82	46.96	48.07	59.01	59.57
Water	20.07	21.12	21.42	22.57	21.18	20.50	22.06	24.00	24.00	26.00
Total	<u>351.10</u>	<u>355.86</u>	<u>382.82</u>	<u>396.54</u>	<u>409.47</u>	<u>404.44</u>	<u>399.71</u>	<u>418.50</u>	<u>449.40</u>	<u>450.76</u>

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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Police										
Stations	1	1	1	1	1	1	2	2	2	2
Patrol units	52	52	59	65	66	68	69	71	86	87
Fire Stations	2	2	3	3	3	3	4	4	4	4
Other public works										
Streets (City-maintained miles)	265	269	284	296	308	325	342	351	355	359
Streetlights	5,463	5,620	5,871	4,947	5,060	6,287	6,589	6,814	6,960	6,135
Storm drain (miles)	129	134	137	140	142	149	154	157	159	162
Traffic signals	27	27	33	33	39	41	42	43	46	60
Parks and recreation										
Acreage	400	403	404	496	506	506	506	506	506	506
Playgrounds	22	23	23	23	23	23	25	25	26	28
Baseball/softball diamonds	10	10	10	10	10	10	10	10	10	10
Soccer/football fields	9	9	9	9	12	12	15	15	15	31
Basketball/tennis/pickleball courts	12	12	12	12	12	26	26	26	26	32
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)	344	351	365	377	387	397	412	456	459	470
Irrigation water lines (miles)	116	122	124	106	107	109	112	116	116	114
Fire hydrants	3,327	3,399	3,526	3,642	3,751	3,889	3,973	4,087	4,126	4,181
Storage capacity (thou. of gallons)	33,600	33,600	33,600	38,600	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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government										
Building permits issued	1,572	2,177	2,166	2,153	2,257	2,582	3,160	2,485	1,942	1,870
Building inspections conducted	59,103	59,604	19,924	32,649	30,910	31,068	37,535	37,663	33,090	26,165
Police										
Physical arrests	1,001	832	1,012	1,258	1,215	1,148	751	374	585	572
Parking violations	515	474	279	192	285	526	202	341	29	22
Traffic violations	10,124	9,229	6,544	5,354	5,296	4,416	1,946	4,012	3,556	3,097
Fire										
Emergency responses	2,998	3,321	6,335	4,580	4,399	4,536	5,894	6,381	6,966	8,264
Fires extinguished	76	84	118	95	96	121	149	150	114	152
Inspections	850	430	830	1,088	928	1,363	383	423	464	948
Other public works										
Street resurfacing (miles)	42	68	53	57	79	29	39	37	17	22
Potholes repaired	348	134	169	94	135	159	89	76	160	490
Parks and Recreation										
Athletic field permits issued*	8	8	19	19	19	13	17	24	36	34
Community center admissions*	24,978	25,363	26,377	30,597	29,067	11,776	2,916	13,747	16,609	19,332
Water										
New connections	1,301	858	1,242	1,515	1,338	1,150	1,309	967	492	479
Water main breaks*	50	90	35	22	19	16	10	9	88	114
Average daily consumption										
(thousands of gallons)	12,250	12,500	13,800	13,531	13,642	13,115	17,030	14,660	14,760	14,619
Peak daily consumption*										
(thousands of gallons)	30,670	29,033	34,040	31,760	34,230	36,130	36,834	30,580	32,640	38,414

Source: The City of South Jordan

Note: Community Center admissions is an estimate.

\* Indicates Estimated Indicators

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# **SUPPLEMENTAL REPORTS**

City of South Jordan, Utah  
Supplemental Reports  
For the Fiscal Year Ended June 30, 2024

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# GILBERT & STEWART

CERTIFIED PUBLIC ACCOUNTANTS  
A PROFESSIONAL CORPORATION  
ESTABLISHED 1974

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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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 31, 2024.

### 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  
December 31, 2024



**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, 2024.

State compliance requirements were tested for the year ended June 30, 2024 in the following areas:

Budgetary Compliance  
Fund Balance  
Justice Court  
Restricted Taxes and Related Restricted Revenue  
Fraud Risk Assessment  
Government Fees  
Enterprise Fund Transfers  
Tax Levy Revenue Recognition  
Utah Retirement Systems  
Public Treasurer's Bond

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on the City's compliance based on our audit of the 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, 2024.

### ***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  
December 31, 2024

**APPENDIX B**  
**FORM OF GENERAL INDENTURE**

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GENERAL INDENTURE OF TRUST

Dated as of October 1, 2025

between

CITY OF SOUTH JORDAN, UTAH

and

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION,  
as Trustee

Relating to

CITY OF SOUTH JORDAN, UTAH  
WATER REVENUE BONDS

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THIS GENERAL INDENTURE OF TRUST, dated as of October 1, 2025 by and between CITY OF SOUTH JORDAN, UTAH (the “Issuer”), a political subdivision and body politic duly organized and existing under the Constitution and laws of the State of Utah, and U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, a national banking association duly organized and existing under the laws of the United States of America, authorized by law to accept and execute trusts and having its corporate trust office in Salt Lake City, Utah, as trustee (the “Trustee”),

#### WITNESSETH:

WHEREAS, the Issuer desires to finance improvements and additions to its water system (the “System”), including, but not limited to additions, extensions, buildings and other improvements to house and operate said facilities, to refund and retire existing obligations, to fund debt service reserves, and to pay issuance expenses to be incurred in connection with the issuance and sale of the Bonds herein authorized and defined; and

WHEREAS, the Issuer anticipates that the Revenues, after payment of Operation and Maintenance Expenses (the “Net Revenues”) will be sufficient to pay debt service on the Bonds issued hereunder; and

WHEREAS, the Net Revenues will not be pledged or hypothecated in any manner or for any purpose at the time of the issuance of the Initial Bonds (as herein defined) and the Issuer desires to pledge said Net Revenues toward the payment of the principal and interest on said Bonds; and

WHEREAS, pursuant to the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and/or the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code Annotated 1953, as amended (collectively, the “Act”), the Issuer is authorized to issue its bonds payable from a special fund into which the Net Revenues of the Issuer may be pledged;

#### NOW, THEREFORE, THIS INDENTURE OF TRUST WITNESSETH:

For and in consideration of the premises, the mutual covenants of the Issuer and the Trustee, the purchase from time to time of the Bonds by the Registered Owners thereof, the issuance by the Security Instrument Issuers from time to time of Security Instruments and the issuance by Reserve Instrument Providers from time to time of Reserve Instruments, and in order to secure the payment of the principal of and premium, if any, and interest on the Bonds, of all Security Instrument Repayment Obligations according to their tenor and effect and of all Reserve Instrument Repayment Obligations according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein, in the Bonds, in all Security Instrument Agreements and in all Reserve Instrument Agreements, the Issuer does hereby convey, assign and pledge unto the Trustee and unto its successors in trust forever all right, title and interest of the Issuer in and to (i) the Net Revenues, (ii) all moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund), and (iii) all other rights hereinafter granted, first, for the further securing of the Bonds and all Security Instrument Repayment Obligations, and second, for the further security of all Reserve Instrument Repayment Obligations, subject only to



the provisions of this Indenture permitting the application thereof for the purposes and on the terms and conditions set forth in this Indenture and any Supplemental Indenture;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors and assigns in such trust forever;

IN TRUST NEVERTHELESS, upon the terms and trust set forth in this Indenture, FIRST, for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds issued pursuant to and secured by this Indenture and all Security Instrument Issuers without privilege, priority or distinction as to the lien or otherwise of any Bond or Security Instrument Repayment Obligation over any other by reason of time of issuance, sale, delivery, maturity or expiration thereof or otherwise for any cause whatsoever, except as expressly provided in or permitted by this Indenture; and SECOND, for the equal and proportionate benefit, security and protection of all Reserve Instrument Providers, without privilege, priority or distinction as to the lien or otherwise of any Reserve Instrument Repayment Obligation over any of the others by reason of time of issuance, delivery or expiration thereof or otherwise for any cause whatsoever;

PROVIDED, HOWEVER, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal and premium, if any, on the Bonds and the interest due or to become due thereon, at the times and in the manner mentioned in the Bonds, all Security Instrument Repayment Obligations, according to the true intent and meaning thereof and all Reserve Instrument Repayment Obligations, according to the true intent and meaning thereof, or shall provide, as permitted by this Indenture, for the payment thereof as provided in Article X hereof, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions of this Indenture, then upon such final payments or provisions for such payments by the Issuer, this Indenture, and the rights hereby granted, shall terminate; otherwise this Indenture shall remain in full force and effect.

The terms and conditions upon which the Bonds are to be executed, authenticated, delivered, secured and accepted by all persons who from time to time shall be or become Registered Owners thereof, and the trusts and conditions upon which the Net Revenues are to be held and disposed, which said trusts and conditions the Trustee hereby accepts, are as follows:

## ARTICLE I DEFINITIONS

Section 1.1 Definitions. As used in this Indenture, the following terms shall have the following meanings unless the context otherwise clearly indicates:

“Accreted Amount” means, with respect to Capital Appreciation Bonds of any Series and as of the date of calculation, the amount representing the initial public offering price, plus the accumulated and compounded interest on such Bonds, as established pursuant to the Supplemental Indenture authorizing such Capital Appreciation Bonds.

“Acquisition/Construction Fund” means the City of South Jordan, Utah, Water Revenue Acquisition/Construction Fund created in Section 3.1 hereof to be held by the Trustee and administered pursuant to Section 5.1 hereof.

“Act” means the Local Government Bonding Act, Title 11, Chapter 14, Utah Code and the Utah Refunding Bond Act, Title 11, Chapter 27, Utah Code, each to the extent applicable.

“Additional Bonds” means all Bonds issued under this Indenture other than the Initial Bonds.

“Administrative Costs” means all Security Instrument Costs, Reserve Instrument Costs and Rebatable Arbitrage.

“Aggregate Annual Debt Service Requirement” means the total Debt Service (including any Repayment Obligations) for any one Bond Fund Year (or other specific period) on all Series of Bonds Outstanding or any specified portion thereof.

“Authorized Amount” means, with respect to a Commercial Paper Program, the maximum Principal amount of commercial paper which is then authorized by the Issuer to be outstanding at any one time pursuant to such Commercial Paper Program.

“Authorized Representatives” means the Mayor, City Recorder, City Manager, Chief Financial Officer, or any other officer of the Issuer so designated in writing by an Authorized Representative of the Issuer to the Trustee.

“Average Aggregate Annual Debt Service Requirement” means the total of all Aggregate Annual Debt Service Requirements divided by the total Bond Fund Years of the Bonds Outstanding or any specified portion thereof.

“Balloon Bonds” means, unless otherwise provided in the related Supplemental Indenture, Bonds (and/or Security Instrument Repayment Obligations relating thereto), other than Bonds which mature within one year of the date of issuance thereof, 25% or more of the Principal Installments on which (a) are due or, (b) at the option of the Owner thereof may be redeemed, during any period of twelve consecutive months; provided, however, that to constitute Balloon Bonds, the Issuer must so designate such Bonds.

“Bond Fund” means the City of South Jordan, Utah, Water Revenue Bond Fund created in Section 3.3 hereof to be held by the Trustee and administered pursuant to Section 5.3 hereof.

“Bond Fund Year” means the 12-month period beginning July 1 of each year and ending on the next succeeding June 30, except that the first Bond Fund Year shall begin on the date of delivery of the Initial Bonds and shall end on the next succeeding June 30.

“Bondholder,” “Bondowner,” “Registered Owner” or “Owner” means the registered owner of any Bonds herein authorized according to the registration books of the Issuer maintained by the Trustee as Registrar.

“Bonds” means bonds, notes, commercial paper or other obligations (other than Repayment Obligations) authorized by and at any time Outstanding pursuant to this Indenture, including the Initial Bonds and any Additional Bonds.

“Business Day” means any day (i) (a) on which banking business is transacted, but not including any day on which banks are authorized to be closed in New York City or in the city in which the Trustee has its Corporate Trust Office or, with respect to a related Series of Bonds, in the city in which any Security Instrument Issuer has its principal office for purposes of such Security Instrument and (b) on which the New York Stock Exchange is open, or (ii) as otherwise provided in a Supplemental Indenture.

“Capital Appreciation Bonds” means Bonds the interest on which (i) is compounded and accumulated at the rates and on the dates set forth in the Supplemental Indenture authorizing the issuance of such Bonds and designating them as Capital Appreciation Bonds, and (ii) is payable upon maturity or prior redemption of such Bonds.

“City Recorder” means the City Recorder of the Issuer and any deputy to the City Recorder or any successor to the duties of such office.

“Code” means the Internal Revenue Code of 1986, as amended.

“Commercial Paper Program” means commercial paper obligations with maturities of not more than two hundred seventy (270) days from the dates of issuance thereof which are issued and reissued by the Issuer from time to time pursuant to Article II hereof and are outstanding up to an Authorized Amount.

“Corporate Trust Office” means the designated corporate trust office of the Trustee at which, at any particular time, its corporate trust business shall be administered, which at the date of execution of this Indenture is that specified in Section 11.4 hereof.

“Cost” or “Costs” or “Cost of Completion,” or any phrase of similar import, in connection with a Project or with the refunding of any bonds, means all costs and expenses which are properly chargeable thereto under generally accepted accounting principles or which are incidental to the financing, acquisition and construction of a Project, or the refunding of any bonds, including, without limiting the generality of the foregoing:

- (a) amounts payable to contractors and costs incident to the award of contracts;
- (b) cost of labor, facilities and services furnished by the Issuer and its employees or others, materials and supplies purchased by the Issuer or others and permits and licenses obtained by the Issuer or others;
- (c) engineering, architectural, legal, planning, underwriting, accounting and other professional and advisory fees;
- (d) premiums for contract bonds and insurance during construction and costs on account of personal injuries and property damage in the course of construction and insurance against the same;
- (e) interest expenses, including interest on the Series of Bonds relating to a Project;

(f) printing, engraving and other expenses of financing, fees of financial rating services and costs of issuing the Series of Bonds (including costs of interest rate caps and costs related to Interest Rate Swaps (or the elimination thereof));

(g) costs, fees and expenses in connection with the acquisition of real and personal property or rights therein, including premiums for title insurance;

(h) costs of furniture, fixtures, and equipment purchased by the Issuer and necessary to construct a Project;

(i) amounts required to repay temporary or bond anticipation loans or notes made to finance the costs of a Project;

(j) cost of site improvements performed by the Issuer in anticipation of a Project;

(k) moneys necessary to fund the funds created under this Indenture;

(l) costs of the capitalization with proceeds of a Series of Bonds issued hereunder of any operation and maintenance expenses and other working capital appertaining to any facilities to be acquired for a Project and of any interest on a Series of Bonds for any period not exceeding the period estimated by the Issuer to effect the construction of a Project plus one year, as herein provided, of any discount on bonds or other securities, and of any reserves for the payment of the principal of and interest on a Series of Bonds, of any replacement expenses and of any other cost of issuance of a Series of Bonds or other securities, Security Instrument Costs and Reserve Instrument Costs;

(m) costs of amending any indenture or other instrument authorizing the issuance of or otherwise appertaining to a Series of Bonds;

(n) all other expenses necessary or desirable and appertaining to a Project, as estimated or otherwise ascertained by the Issuer, including costs of contingencies for a Project; and

(o) payment to the Issuer of such amounts, if any, as shall be necessary to reimburse the Issuer in full for advances and payments theretofore made or costs theretofore incurred by the Issuer for any item of Costs.

In the case of refunding or redeeming any bonds or other obligations, “Cost” includes, without limiting the generality of the foregoing, the items listed in (c), (e), (f), (i), (k), (l), (m) and (o) above, advertising and other expenses related to the redemption of such bonds to be redeemed and the redemption price of such bonds (and the accrued interest payable on redemption to the extent not otherwise provided for).

“Cross-over Date” means with respect to Cross-over Refunding Bonds the date on which the Principal portion of the related Cross-over Refunded Bonds is to be paid or redeemed from the proceeds of such Cross-over Refunding Bonds.

“Cross-over Refunded Bonds” means Bonds or other obligations refunded by Cross-over Refunding Bonds.

“Cross-over Refunding Bonds” means Bonds issued for the purpose of refunding Bonds or other obligations if the proceeds of such Cross-over Refunding Bonds are irrevocably deposited in escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, to secure the payment on an applicable redemption date or maturity date of the Cross-over Refunded Bonds (subject to possible use to pay Principal of the Cross-over Refunding Bonds under certain circumstances) and the earnings on such escrow deposit are required to be applied to pay interest on the Cross-over Refunding Bonds until the Cross-over Date.

“Current Interest Bonds” means all Bonds other than Capital Appreciation Bonds. Interest on Current Interest Bonds shall be payable periodically on the Interest Payment Dates provided therefor in a Supplemental Indenture.

“Debt Service” means, for any particular Bond Fund Year and for any Series of Bonds and any Repayment Obligations, an amount equal to the sum of (i) all interest payable during such Bond Fund Year on such Series of Bonds, plus (ii) the Principal Installments payable during such Bond Fund Year on (a) such Bonds Outstanding, calculated on the assumption that Bonds Outstanding on the day of calculation cease to be Outstanding by reason of, but only by reason of, payment either upon maturity or application of any Sinking Fund Installments required by the Indenture, and (b) such Repayment Obligations then outstanding;

*provided, however, for purposes of Section 2.13 hereof,*

(1) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds or Repayment Obligations bearing interest at a variable rate which cannot be ascertained for any particular Bond Fund Year, it shall be assumed that such Series of Variable Rate Bonds or related Repayment Obligations will bear interest at such market rate of interest applicable to such Series of Variable Rate Bonds or related Repayment Obligations as shall be established for this purpose in the opinion of the Issuer’s financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise);

(2) when calculating interest payable during such Bond Fund Year for any Series of Variable Rate Bonds which are issued with a floating rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a fixed interest rate, such Series of Variable Rate Bonds shall be deemed to bear interest at the effective fixed annual rate thereon as a result of such Interest Rate Swap; provided that such effective fixed annual rate may be utilized only if such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(3) when calculating interest payable during such Bond Fund Year for any Series of Bonds which are issued with a fixed interest rate and with respect to which an Interest Rate Swap is in effect in which the Issuer has agreed to pay a floating amount, Debt Service shall include the interest payable on such Series of Bonds, less fixed amounts to be received by the Issuer under such Interest Rate Swap plus the amount of the floating payments (using the market rate in a manner similar to that described in (1) above, unless another method of estimation is more appropriate, in the opinion of the Issuer’s financial advisor, underwriter or similar agent with the approval of each Rating Agency, for such floating payments) to be made by the Issuer under the Interest Rate Swap; provided that the above described calculation of Debt Service may be utilized only if such Interest Rate Swap does not result in a reduction or withdrawal of any rating then in effect with respect to the Bonds and so long as such Interest Rate Swap is contracted to remain in full force and effect;

(4) when calculating interest payable during such Bond Fund Year with respect to any Commercial Paper Program, Debt Service shall include an amount equal to the sum of all principal and interest payments that would be payable during such Bond Fund Year assuming that the Authorized Amount of such Commercial Paper Program is amortized on a level debt service basis over a period of 30 years beginning on the date of calculation or, if later, the last day of the period during which obligations can be issued under such Commercial Paper Program, and bearing interest at such market rate of interest applicable to such Commercial Paper Program as shall be established for this purpose in the opinion of the Issuer’s financial advisor, underwriter or similar agent (which market rate of interest may be based upon a recognized comparable market index, an average of interest rates for prior years or otherwise);

(5) when calculating interest payable on Bonds that are Paired Obligations, the interest rate on such Bonds shall be the resulting linked rate or effective fixed interest rate to be paid by the Issuer with respect to such Paired Obligations; and

(6) amortization of Balloon Bonds may be assumed on a level debt service basis over a twenty-year period at the interest rate based on the Revenue Bond Index as last published in *The Bond Buyer*, provided that the full amount of Balloon Bonds shall be included in the calculation if the calculation is made within twelve (12) months of the actual maturity of such Balloon Bonds and no credit facility exists;

and further provided, that there shall be excluded from Debt Service (a) interest on Bonds (including Cross-over Refunding Bonds or Cross-over Refunded Bonds) to the extent that Escrowed Interest or capitalized interest is available to pay such interest, (b) Principal on Cross-over Refunded Bonds to the extent that the proceeds of Cross-over Refunding Bonds are on deposit in an irrevocable escrow in satisfaction of the requirements of Section 11-27-3, Utah Code, as amended, and such proceeds or the earnings thereon are required to be applied to pay such Principal (subject to the possible use to pay the Principal of the Cross-over Refunding Bonds under

certain circumstances) and such amounts so required to be applied are sufficient to pay such Principal, (c) Repayment Obligations to the extent that payments on Pledged Bonds relating to such Repayment Obligations satisfy the Issuer's obligation to pay such Repayment Obligations and (d) all interest on Bonds to the extent of Direct Payments attributable to Debt Service on Outstanding Bonds or Additional Bonds proposed to be issued.

"Debt Service Reserve Fund" means the City of South Jordan, Utah, Debt Service Reserve Fund created in Section 3.5 hereof to be held by the Trustee and administered pursuant to Section 5.5 hereof.

"Debt Service Reserve Requirement" means with respect to each Series of Bonds issued pursuant to this Indenture, unless otherwise provided in the related Supplemental Indenture, an amount equal to the least of (i) 10% of the proceeds of such Series of Bonds determined on the basis of original principal amount (unless original issue premium or original issue discount exceeds 2% of original principal, then determined on the basis of initial purchase price to the public), (ii) the maximum annual Debt Service during any Bond Fund Year for such Series of Bonds, and (iii) 125% of the average annual Debt Service for such Series of Bonds; provided, however, that in the event any Series of Additional Bonds is issued to refund only a portion and not all of the then Outstanding Bonds of any other Series of Bonds issued pursuant to the Indenture, then the portion of such Series of Bonds that remain Outstanding immediately after the issuance of such Additional Bonds and the portion of such Additional Bonds that is allocable to the refunding of such Series of Bonds may be combined and treated as a single Series for purpose of determining the Debt Service Reserve Requirement relating to such combined Series and the resulting requirement shall be allocated among the two Series pro rata based upon the total principal amount remaining Outstanding for each Series. The Debt Service Reserve Requirement may be funded by proceeds from the sale of such Series of Bonds, by a Reserve Instrument as herein provided or, if provided in the related Supplemental Indenture, may be accumulated over time. Each Account of the Debt Service Reserve Fund shall only be used with respect to the related Series of Bonds.

"Direct Obligations" means noncallable Government Obligations.

"Direct Payments" means the interest subsidy payments received by the Issuer from the Internal Revenue Service pursuant to Section 6431 of the Code or other substantially similar programs with respect to Bonds issued hereunder.

"Direct Payment Bonds" means the interest subsidy bonds issuable by the Issuer under Sections 54AA and 6431 of the Code and a "qualified bond" under Section 54AA(g)(2) of the Code or such other tax credit bonds of substantially similar nature which may be hereafter authorized.

"Escrowed Interest" means amounts irrevocably deposited in escrow in accordance with the requirements of Section 11-27-3, Utah Code, in connection with the issuance of Refunding Bonds or Cross-over Refunding Bonds secured by such amounts or earnings on such amounts which are required to be applied to pay interest on such Cross-over Refunding Bonds or the related Cross-over Refunded Bonds.

"Event of Default" means with respect to any default or event of default hereunder any occurrence or event specified in and defined by Section 7.1 hereof.

"Fitch" means Fitch Ratings.

"Governing Body" means the City Council of the Issuer.

"Government Obligations" means solely one or more of the following:

- (a) State and Local Government Series issued by the United States Treasury ("SLGS");
- (b) United States Treasury bills, notes and bonds, as traded on the open market;
- (c) Zero Coupon United States Treasury Bonds; and
- (d) Any other direct obligations of or obligations unconditionally guaranteed by, the United States of America (including, without limitation, obligations commonly referred to as "REFCORP strips").

"Indenture" means this General Indenture of Trust as from time to time amended or supplemented by Supplemental Indentures in accordance with the terms of this Indenture.

"Initial Bonds" means the first Series of Bonds issued under this Indenture.

"Interest Payment Date" means the stated payment date of an installment of interest on the Bonds.

"Interest Rate Swap" means an agreement between the Issuer or the Trustee and a Swap Counterparty related to a Series of Bonds whereby a variable rate cash flow (which may be subject to any interest rate cap) on a principal or notional amount is exchanged for a fixed rate of return on an equal principal or notional amount. If the Issuer or the Trustee enters into more than one Interest Rate Swap with respect to a Series of Bonds, each Interest Rate Swap shall specify the same payment dates.

"Issuer" means City of South Jordan, Utah, and its successors.

"Mayor" means the Mayor of the Issuer and any deputy to the Mayor or any successor to the duties of such office.

"Moody's" means Moody's Investors Service, Inc.

"Net Revenues" means the Revenues after provision has been made for the payment therefrom of Operation and Maintenance Expenses.

"Operation and Maintenance Expenses" means all expenses reasonably incurred in connection with the operation and maintenance of the System, whether incurred by the Issuer or paid to any other entity pursuant to contract or otherwise, repairs and renewals (other than capital improvements) necessary to keep the System in efficient operating condition, including costs for

water, cost of audits hereinafter required, payment of promotional and marketing expenses and real estate brokerage fees, payment of premiums for the insurance hereinafter required, Administrative Costs and, generally all expenses, exclusive of depreciation (including depreciation related expenses of any joint venture) and, any in-lieu of tax transfers to Issuer funds, interest expense for interfund loans from Issuer funds, and reimbursement to the Issuer for general overhead and administration of the Issuer, which under generally accepted accounting practices are properly allocable to operation and maintenance; however, only such expenses as are reasonably and properly necessary to the efficient operation and maintenance of the System shall be included.

“Other Available Funds” means for any year the amount available throughout the applicable year for transfer from the Rate Stabilization Fund to the Revenue Fund, as designated by the Issuer.

“Outstanding” or “Bonds Outstanding” means at any date all Bonds which have not been canceled which have been or are being authenticated and delivered by the Trustee under this Indenture, except:

(a) any Bond or portion thereof which at the time has been paid or deemed paid pursuant to Article X of this Indenture; and

(b) any Bond in lieu of or in substitution for which a new Bond shall have been authenticated and delivered hereunder, unless proof satisfactory to the Trustee is presented that such Bond is held by a bona fide holder in due course.

“Paying Agent” means the Trustee, appointed as the initial paying agent for the Bonds pursuant to Sections 6.6 and 11.5 hereof, and any additional or successor paying agent appointed pursuant hereto.

“Pledged Bonds” means any Bonds that have been (i) pledged or in which any interest has otherwise been granted to a Security Instrument Issuer as collateral security for Security Instrument Repayment Obligations or (ii) purchased and held by a Security Instrument Issuer pursuant to a Security Instrument.

“Principal” means (i) with respect to any Capital Appreciation Bond, the Accreted Amount thereof (the difference between the stated amount to be paid at maturity and the Accreted Amount being deemed unearned interest), except as used in connection with the authorization and issuance of Bonds and with the order of priority of payment of Bonds after an Event of Default, in which case “Principal” means the initial public offering price of a Capital Appreciation Bond (the difference between the Accreted Amount and the initial public offering price being deemed interest), and (ii) with respect to any Current Interest Bond, the principal amount of such Bond payable at maturity.

“Principal Installment” means, as of any date of calculation, (i) with respect to any Series of Bonds, so long as any Bonds thereof are Outstanding, (a) the Principal amount of Bonds of such Series due on a certain future date for which no Sinking Fund Installments have been established, or (b) the unsatisfied balance of any Sinking Fund Installment due on a certain future date for Bonds of such Series, plus the amount of the sinking fund redemption premiums, if any, which

would be applicable upon redemption of such Bonds on such future date in a Principal amount equal to such unsatisfied balance of such Sinking Fund Installment and (ii) with respect to any Repayment Obligations, the principal amount of such Repayment Obligations due on a certain future date.

“Project” means the acquisition, construction, and/or renovation of the System, or the acquisition of improvements and equipment (with an expected life beyond a current Fiscal Year) for use in the System.

“Put Bond” means any Bond which is part of a Series of Bonds which is subject to purchase by the Issuer, its agent or a third party from the Owner of the Bond pursuant to provisions of the Supplemental Indenture authorizing the issuance of the Bond and designating it as a “Put Bond.”

“Qualified Engineer” means any registered or licensed engineer or architect or engineer or firm of such engineers or architects and engineers generally recognized to be qualified in engineering matters relating to construction and maintenance of municipal water systems. “Qualified Engineer” may include any registered or licensed engineer employed by the Issuer.

“Qualified Investments” means any of the following securities:

(a) Government Obligations;

(b) Obligations of any of the following federal agencies which obligations represent full faith and credit obligations of the United States of America including: the Export-Import Bank of the United States; the Government National Mortgage Association; the Federal Housing Administration; the Maritime Administration; General Services Administration, Small Business Administration; or the Department of Housing and Urban Development (PHA’s);

(c) Money market funds rated “AAAm” or “AAAm-G” or better by S&P and/or the equivalent rating or better of Moody’s (if so rated), including money market funds from which the Trustee or its affiliates derive a fee for investment advisory services to the fund;

(d) Commercial paper which is rated at the time of purchase in the single highest classification, P-1 by Moody’s or A-1+ by S&P, and which matures not more than 270 days after the date of purchase;

(e) Bonds, notes or other evidences of indebtedness rated “AAA” by S&P and “Aaa” by Moody’s issued by the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation with remaining maturities not exceeding three years;

(f) U.S. dollar denominated deposit accounts, federal funds and banker’s acceptances with domestic commercial banks, including the Trustee and its affiliates, which have a rating on their short term certificates of deposit on the date of purchase of “A-1” or “A-1+” by S&P and “P-1” by Moody’s and maturing no more than 360 days after the date of purchase (ratings on holding companies are not considered as the rating of the bank);

(g) The fund held by the Treasurer for the State of Utah and commonly known as the Utah State Public Treasurer's Investment Fund; and

(h) Any other investments or securities permitted for investment of public funds under the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code, including investments contracts permitted by Section 51-7-17(2)(d) thereof.

"Rate Stabilization Fund" means the Rate Stabilization Fund of the Issuer to be held by the Issuer and administered pursuant to Section 5.12 hereof.

"Rating Agency" means Fitch, Moody's or S&P and their successors and assigns, but only to the extent such rating agency is then providing a rating on a Series of Bonds issued hereunder at the request of the Issuer. If any such Rating Agency ceases to act as a securities rating agency, the Issuer may designate any nationally recognized securities rating agency as a replacement.

"Rating Category" or "Rating Categories" mean one or more of the generic rating categories of a Rating Agency, without regard to any refinement or gradation of such rating category or categories by a numerical modifier or otherwise.

"Rebatable Arbitrage" means with respect to any Series of Bonds where (i) the interest thereon is intended to be excludable from gross income for federal income tax purposes or (ii) Direct Payments are applicable, the amount (determinable as of each Rebate Calculation Date) of rebatable arbitrage payable to the United States at the times and in the amounts specified in Section 148(f)(3) of the Code and Section 1.148-3 of the Regulations.

"Rebate Calculation Date" means, with respect to any Series of Bonds where (i) the interest thereon is intended to be excludable from gross income for federal income tax purposes or (ii) Direct Payments are applicable, the Interest Payment Date next preceding the fifth anniversary of the issue date of such Series of Bonds, each fifth anniversary of the initial Rebate Calculation Date for such Series of Bonds, and the date of retirement of the last Bond for such Series.

"Rebate Fund" means the City of South Jordan, Utah, Water Revenue Rebate Fund created in Section 3.8 hereof to be held by the Trustee and administered pursuant to Section 5.8 hereof.

"Register" means the record of ownership of the Bonds maintained by the Registrar.

"Registrar" means the Trustee (or other party designated as Registrar by Supplemental Indenture), appointed as the registrar for the Bonds pursuant to Sections 2.6, 6.5 and 11.5 hereof, and any additional or successor registrar appointed pursuant hereto.

"Regular Record Date" means unless otherwise provided by Supplemental Indenture for a Series of Bonds, the fifteenth day of the month immediately preceding each Interest Payment Date.

"Regulations" and all references thereto shall mean and include applicable final, proposed and temporary United States Treasury Regulations promulgated with respect to Sections 103 and 141 through 150 of the Code, including all amendments thereto made hereafter.

"Remarketing Agent" means a remarketing agent or commercial paper dealer appointed by the Issuer pursuant to a Supplemental Indenture.

"Repair and Replacement Fund" means the City of South Jordan, Utah, Water Revenue Repair and Replacement Fund created in Section 3.7 hereof to be held by the Issuer and administered pursuant to Section 5.7 hereof.

"Repair and Replacement Reserve Requirement" means the amount or amounts from time to time required under each Supplemental Indenture to be on deposit in the Repair and Replacement Fund.

"Repayment Obligations" means, collectively, all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations.

"Reserve Instrument" means a device or instrument issued by a Reserve Instrument Provider to satisfy all or any portion of the Debt Service Reserve Requirement applicable to a Series of Bonds. The term "Reserve Instrument" includes, by way of example and not of limitation, letters of credit, bond insurance policies, surety bonds, standby bond purchase agreements, lines of credit and other devices.

"Reserve Instrument Agreement" means any agreement entered into by the Issuer and a Reserve Instrument Provider pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) and providing for the issuance by such Reserve Instrument Provider of a Reserve Instrument.

"Reserve Instrument Costs" means all fees, premiums, expenses and similar costs, other than Reserve Instrument Repayment Obligations, required to be paid to a Reserve Instrument Provider pursuant to a Reserve Instrument Agreement. Each Reserve Instrument Agreement shall specify the fees, premiums, expenses and costs constituting Reserve Instrument Costs.

"Reserve Instrument Coverage" means, as of any date of calculation, the aggregate amount available to be paid to the Trustee pursuant hereto under all Reserve Instruments.

"Reserve Instrument Fund" means the City of South Jordan, Utah, Water Revenue Reserve Instrument Fund created in Section 3.6 hereof to be held by the Trustee and administered pursuant to Section 5.6 hereof.

"Reserve Instrument Limit" means, as of any date of calculation and with respect to any Reserve Instrument, the maximum aggregate amount available to be paid under such Reserve Instrument into the Debt Service Reserve Fund assuming for purposes of such calculation that the amount initially available under each Reserve Instrument has not been reduced or that the amount initially available under each Reserve Instrument has only been reduced as a result of the payment of principal of the applicable Series of Bonds.

"Reserve Instrument Provider" means any bank, savings and loan association, savings bank, thrift institution, credit union, insurance company, surety company or other institution issuing a Reserve Instrument.

“Reserve Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Reserve Instrument Agreement, those outstanding amounts payable by the Issuer under such Reserve Instrument Agreement (including the Supplemental Indenture authorizing the use of such Reserve Instrument) to repay the Reserve Instrument Provider for payments previously made by it pursuant to a Reserve Instrument. There shall not be included in the calculation of Reserve Instrument Repayment Obligations any Reserve Instrument Costs.

“Revenue Fund” means the City of South Jordan, Utah, Water Revenue Fund created in Section 3.2 hereof to be held by the Issuer and administered pursuant to Section 5.2 hereof.

“Revenues” means all gross income and revenues of any kind, from any source whatsoever, derived from the ownership and operation of the System, including, without limitation, all fees, Direct Payments, rates, connection charges, impact fees imposed with respect to the System to the extent such impact fees may be pledged and available for the payment of the Bonds and other charges, the gross revenues of all improvements, additions, and extensions of the System hereafter constructed or acquired, and all interest earned by and profits derived from the sale of investments made with the income and revenues.

“S&P” means S&P Global Ratings.

“Security Instrument” means an instrument or other device issued by a Security Instrument Issuer to pay, or to provide security or liquidity for, a Series of Bonds. The term “Security Instrument” includes, by way of example and not of limitation, letters of credit, bond insurance policies, standby bond purchase agreements, lines of credit and other security instruments and credit enhancement or liquidity devices (but does not include a Reserve Instrument); provided, however, that no such device or instrument shall be a “Security Instrument” for purposes of this Indenture unless specifically so designated in a Supplemental Indenture authorizing the use of such device or instrument.

“Security Instrument Agreement” means any agreement entered into by the Issuer and a Security Instrument Issuer pursuant to a Supplemental Indenture (including the applicable portions of a Supplemental Indenture) providing for the issuance by such Security Instrument Issuer of a Security Instrument.

“Security Instrument Costs” means, with respect to any Security Instrument, all fees, premiums, expenses and similar costs, other than Security Instrument Repayment Obligations, required to be paid to a Security Instrument Issuer pursuant to a Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument. Such Security Instrument Agreement or Supplemental Indenture shall specify any fees, premiums, expenses and costs constituting Security Instrument Costs.

“Security Instrument Issuer” means any bank or other financial institution, insurance company, surety company or other institution issuing a Security Instrument.

“Security Instrument Repayment Obligations” means, as of any date of calculation and with respect to any Security Instrument Agreement, any outstanding amounts payable by the Issuer under the Security Instrument Agreement or the Supplemental Indenture authorizing the use of such Security Instrument to repay the Security Instrument Issuer for payments previously or

concurrently made by the Security Instrument Issuer pursuant to a Security Instrument. There shall not be included in the calculation of the amount of Security Instrument Repayment Obligations any Security Instrument Costs.

“Series” means all of the Bonds authenticated and delivered on original issuance and identified pursuant to the Supplemental Indenture authorizing such Bonds as a separate Series of Bonds, and any Bonds thereafter authenticated and delivered in lieu thereof or in substitution therefor.

“Sinking Fund Account” means the City of South Jordan, Utah, Water Revenue Sinking Fund Account of the Bond Fund created in Section 3.4 hereof to be held by the Trustee and administered pursuant to Section 5.4 hereof.

“Sinking Fund Installment” means the amount of money which is required to be deposited into the Sinking Fund Account in each Bond Fund Year for the retirement of Term Bonds as specified in the Supplemental Indenture authorizing said Term Bonds (whether at maturity or by redemption), and including the redemption premium, if any.

“Special Record Date” means such date as may be fixed for the payment of defaulted interest on the Bonds in accordance with this Indenture.

“State” means the State of Utah.

“Supplemental Indenture” means any indenture between the Issuer and the Trustee entered into pursuant to and in compliance with the provisions of Article IX hereof.

“Swap Counterparty” means a member of the International Swap Dealers Association rated in one of the three top Rating Categories by at least one of the Rating Agencies and meeting the requirements of applicable laws of the State.

“Swap Payments” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable to the Swap Counterparty by the Issuer. Swap Payments do not include any Termination Payments.

“Swap Receipts” means as of each payment date specified in an Interest Rate Swap, the amount, if any, payable for the account of the Issuer by the Swap Counterparty. Swap Receipts do not include amounts received with respect to the early termination or modification of an Interest Rate Swap.

“System” means collectively, the Issuer’s water facilities, equipment and improvements, together with any additions, repairs, renewals, replacements, expansions, extensions and improvements to said system, or any part thereof, hereafter acquired or constructed, and together with all lands, easements, interests in land, licenses, water rights and rights of way of the Issuer and all other property, structures, equipment of the Issuer and contract rights and other tangible and intangible assets of the Issuer now or hereafter owned or used in connection with or related to said system.

“Term Bonds” means the Bonds which shall be subject to retirement by operation of mandatory sinking fund redemptions from the Sinking Fund Account.

“Termination Payments” means the amount payable to the Swap Counterparty by the Issuer with respect to the early termination or modification of an Interest Rate Swap. Termination Payments may only be payable from and secured by Net Revenues after payment of all amounts then due pursuant to the Indenture.

“Trustee” means U.S. Bank Trust Company, National Association or any successor corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party and any successor trustee at any time serving as successor trustee hereunder.

“Utah Code” means Utah Code Annotated 1953, as amended.

“Variable Rate Bonds” means, as of any date of calculation, Bonds, the interest on which for any future period of time, is to be calculated at a rate which is not susceptible to a precise determination.

“Year” means any twelve consecutive month period.

Section 1.2 Indenture to Constitute Contract. In consideration of the purchase and acceptance from time to time of any and all of the Bonds authorized to be issued hereunder by the Registered Owners thereof, the issuance from time to time of any and all Security Instruments by Security Instrument Issuers, and the issuance from time to time of any and all Reserve Instruments by Reserve Instrument Providers pursuant hereto, this Indenture shall be deemed to be and shall constitute a contract between the Issuer and the Owners from time to time of the Bonds, the Security Instrument Issuers and the Reserve Instrument Providers; and the pledge made in this Indenture and the covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be, FIRST, for the equal benefit, protection and security of the Owners of any and all of the Bonds and the Security Instrument Issuers of any and all of the Security Instruments all of which, regardless of the time or times of their issuance, delivery, maturity or expiration, shall be of equal rank without preference, priority or distinction of any of the Bonds or Security Instrument Repayment Obligations over any others, except as expressly provided in or permitted by this Indenture, and SECOND, for the equal benefit, protection and security of the Reserve Instrument Providers of any and all of the Reserve Instruments which, regardless of the time or times of their issuance, delivery or termination, shall be of equal rank without preference, priority or distinction of any Reserve Instrument over any other thereof.

Section 1.3 Construction. This Indenture, except where the context by clear implication herein otherwise requires, shall be construed as follows:

(a) The terms “hereby,” “hereof,” “herein,” “hereto,” “hereunder,” and any similar terms used in this Indenture shall refer to this Indenture in its entirety unless the context clearly indicates otherwise.

(b) Words in the singular number include the plural, and words in the plural include the singular.

(c) Words in the masculine gender include the feminine and the neuter, and when the sense so indicates, words of the neuter gender refer to any gender.

(d) Articles, sections, subsections, paragraphs and subparagraphs mentioned by number, letter, or otherwise, correspond to the respective articles, sections, subsections, paragraphs and subparagraphs hereof so numbered or otherwise so designated.

(e) The titles or leadlines applied to articles, sections and subsections herein are inserted only as a matter of convenience and ease in reference and in no way define, limit or describe the scope or intent of any provisions of this Indenture.

## ARTICLE II THE BONDS

Section 2.1 Authorization of Bonds. There is hereby authorized for issuance hereunder Bonds which may, if and when authorized by Supplemental Indenture, be issued in one or more separate Series. Each Series of Bonds shall be authorized by a Supplemental Indenture, which shall state the purpose or purposes for which each such Series of Bonds is being issued. The aggregate principal amount of Bonds which may be issued shall not be limited except as provided herein or as may be limited by law provided that the aggregate principal amount of Bonds of each such Series shall not exceed the amount specified in the Supplemental Indenture authorizing each such Series of Bonds.

### Section 2.2 Description of Bonds; Payment.

(a) Each Series of Bonds issued under the provisions hereof may be issued only as registered bonds. Unless otherwise specified in the Supplemental Indenture authorizing such Series of Bonds, each Series of Bonds shall be in the denomination of Five Thousand Dollars (\$5,000) each or any integral multiple thereof, shall be numbered consecutively from R-1 upwards and shall bear interest payable on each Interest Payment Date.

(b) Each Series of Bonds issued under the provisions hereof shall be dated, shall bear interest at a rate or rates not exceeding the maximum rate permitted by law on the date of initial issuance of such Series, shall be payable on the days, shall be stated to mature on the days and in the years and shall be subject to redemption prior to their respective maturities, all as set forth in the Supplemental Indenture authorizing such Series of Bonds. Each Series of Bonds shall be designated “[Taxable] Water Revenue [Refunding] Bonds, Series \_\_\_\_\_,” in each case inserting the year in which the Bonds are issued and, if necessary, an identifying Series letter.

(c) Both the principal of and the interest on the Bonds shall be payable in lawful money of the United States of America. Payment of the interest on any Bond shall be made to the person appearing on the Bond registration books of the Registrar hereinafter provided for as the Registered Owner thereof by check or draft mailed on the Interest Payment Date to the Registered Owner at his address as it appears on such registration books or to owners of \$1,000,000 or more in aggregate principal amount of Bonds (or owners of 100% of any Series then Outstanding) by wire transfer to a bank account located in the United States designated by the Registered Owner in written instructions furnished to the Trustee no later



than the Regular Record Date for such payment. Unless otherwise specified in the related Supplemental Indenture, the interest on Bonds so payable, and punctually paid and duly provided for, on any Interest Payment Date will be paid to the person who is the Registered Owner thereof at the close of business on the Regular Record Date for such interest immediately preceding such Interest Payment Date. Any such interest not so punctually paid or duly provided for shall forthwith cease to be payable to the registered owner of any Bond on such Regular Record Date, and will be paid to the person who is the Registered Owner thereof at the close of business on a Special Record Date for the payment of such defaulted interest to be fixed by the Trustee, notice thereof to be given to such Registered Owner not less than ten (10) days prior to such Special Record Date. The principal of and premium, if any, on Bonds are payable upon presentation and surrender thereof or as provided in Section 2.6 hereof at the Corporate Trust Office of the Trustee as Paying Agent, except as otherwise provided by Supplemental Indenture. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

(d) The Bonds of each Series may contain or have endorsed thereon such provisions, specifications and descriptive words not inconsistent with the provisions hereof as may be necessary or desirable to comply with custom, the rules of any securities exchange or commission or brokerage board or otherwise, as may be specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.3 Execution; Limited Obligation. Unless otherwise specified in the related Supplemental Indenture, the Bonds of any Series shall be executed on behalf of the Issuer with the manual or official facsimile signature of its Mayor, countersigned with the manual or official facsimile signature of the City Recorder, and shall have impressed or imprinted thereon the corporate seal or facsimile thereof of the Issuer. In case any officer, the facsimile of whose signature shall appear on the Bonds, shall cease to be such officer before the delivery of such Bonds, such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

The Bonds, together with interest thereon, and all Repayment Obligations shall be limited obligations of the Issuer payable solely from the Net Revenues (except to the extent paid out of moneys attributable to the Bond proceeds or other funds created hereunder and held by the Trustee (except the Rebate Fund) or the income from the temporary investment thereof) and Other Available Funds. The Bonds shall be a valid claim of the Registered Owners thereof only against the Net Revenues and other moneys in funds and accounts held by the Trustee hereunder (except the Rebate Fund) and the Issuer hereby pledges and assigns the same for the equal and ratable payment of the Bonds and all Repayment Obligations, and the Net Revenues shall be used for no other purpose than to pay the principal of, premium, if any, and interest on the Bonds and to pay the Repayment Obligations, except as may be otherwise expressly authorized herein or by Supplemental Indenture. The issuance of the Bonds and delivery of any Security Instrument Agreement or Reserve Instrument Agreement shall not, directly, indirectly or contingently, obligate the Issuer or any agency, instrumentality or political subdivision thereof to levy any form of taxation therefor or to make any appropriation for their payment.

The provisions of this Section 2.3 relating to the execution of Bonds may be changed as they apply to the Bonds of any Series by the Supplemental Indenture authorizing such Series of Bonds.

#### Section 2.4 Authentication and Delivery of Bonds.

(a) The Issuer shall deliver executed Bonds of each Series to the Trustee for authentication. Subject to the satisfaction of the conditions for authentication of Bonds set forth herein, the Trustee shall authenticate such Bonds, and deliver them upon the order of the Issuer to the purchasers thereof (or hold them on their behalf) upon the payment by the purchasers to the Trustee for the account of the Issuer of the purchase price therefor. Delivery by the Trustee shall be full acquittal to the purchasers for the purchase price of such Bonds, and such purchasers shall be under no obligation to see to the application thereof. The proceeds of the sale of such Bonds shall, however, be disposed of only as provided herein and in the related Supplemental Indenture.

(b) No Bond shall be valid or obligatory for any purpose or entitled to any security or benefit hereunder, unless and until a certificate of authentication on such Bond substantially in the form set forth in the Supplemental Indenture authorizing such Bond shall have been duly executed by the Trustee, and such executed certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered hereunder. The Trustee's certificate of authentication on any Bond shall be deemed to have been executed by it if signed by an authorized officer of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds issued hereunder.

(c) Prior to the authentication by the Trustee of each Series of Bonds there shall have been filed with the Trustee:

(i) A copy, duly certified by the City Recorder, of this Indenture (to the extent not theretofore so filed) and the Supplemental Indenture authorizing such Series of Bonds.

(ii) A copy, certified by the City Recorder, of the proceedings of the Issuer's Governing Body approving the execution and delivery of the instruments specified in Section 2.4(c)(i) herein and the execution and delivery of such Series of Bonds, together with a certificate, dated as of the date of authentication of such Series of Bonds, of the City Recorder that such proceedings are still in force and effect without amendments except as shown in such proceedings.

(iii) A request and authorization to the Trustee of the Issuer to authenticate such Series of Bonds in the aggregate principal amount therein specified and deliver them to purchasers therein identified upon payment to the Trustee, for account of the Issuer, of the sum specified therein.

(iv) An opinion of bond counsel dated the date of authentication of such Series of Bonds to the effect that (a) the Issuer has authorized the execution and delivery of this Indenture and this Indenture has been duly executed and delivered

by the Issuer and is a valid and binding obligation of the Issuer; (b) this Indenture creates the valid pledge which it on the Net Revenues; and (c) the Bonds of such Series are valid and binding special obligations of the Issuer, entitled to the benefits and security hereof, provided that such opinion may contain limitations acceptable to the purchaser of such Series of Bonds.

(d) The Issuer may provide by Supplemental Indenture for the delivery to the Trustee of one or more Security Instruments (or may substitute one Security Instrument for another) with respect to any Series of Bonds and the execution and delivery of any Security Instrument Agreements deemed necessary in connection therewith.

(e) The Issuer may provide by Supplemental Indenture for the issuance and delivery to the Trustee of one or more Reserve Instruments and the execution and delivery of any Reserve Instrument Agreements deemed necessary in connection therewith.

(f) The Issuer may authorize by Supplemental Indenture the issuance of Put Bonds; provided that any obligation of the Issuer to pay the purchase price of any such Put Bonds shall not be secured by a pledge of Revenues on a parity with the pledge contained in Section 6.2 hereof. The Issuer may provide for the appointment of such Remarketing Agents, indexing agents, tender agents or other agents as the Issuer may determine.

(g) The Issuer may include such provisions in a Supplemental Indenture authorizing the issuance of a Series of Bonds secured by a Security Instrument as the Issuer deems appropriate, including:

(i) So long as the Security Instrument is in full force and effect, and payment on the Security Instrument is not in default, (i) the Security Instrument Issuer shall be deemed to be the Owner of the Outstanding Bonds of such Series (a) when the approval, consent or action of the Bondowners for such Series of Bonds is required or may be exercised under the Indenture and (b) following an Event of Default and (ii) the Indenture may not be amended in any manner which affects the rights of such Security Instrument Issuer without its prior written consent.

(ii) In the event that the Principal and redemption price, if applicable, and interest due on any Series of Bonds Outstanding shall be paid under the provisions of a Security Instrument, all covenants, agreements and other obligations of the Issuer to the Bondowners of such Series of Bonds shall continue to exist and such Security Instrument Issuer shall be subrogated to the rights of such Bondowners in accordance with the terms of such Security Instrument.

(iii) In addition, such Supplemental Indenture may establish such provisions as are necessary to provide relevant information to the Security Instrument Issuer and to provide a mechanism for paying Principal Installments and interest on such Series of Bonds from the Security Instrument.

(h) The Issuer may provide for the execution of an Interest Rate Swap in connection with any Series of Bonds issued hereunder if so provided in the Supplemental Indenture. The obligation of the Issuer to pay Swap Payments may be secured with (a) a

lien on the Net Revenues on a parity with the lien thereon of Debt Service on the related Bonds (as more fully described in Section 5.2 herein) and may be net of Swap Receipts or (b) a subordinate lien on the Net Revenues and may be net of Swap Receipts. Such obligations may also be secured by other legally available moneys of the Issuer, all as established in the Supplemental Indenture for the related Series of Bonds. Termination Payments may only be payable from and secured by Net Revenues after payment of all amounts then due pursuant to the Indenture.

Section 2.5 Mutilated, Lost, Stolen or Destroyed Bonds. In the event any Bond is mutilated, lost, stolen or destroyed, the Issuer may execute and the Trustee may authenticate a new Bond of like date, Series, maturity and denomination as that mutilated, lost, stolen or destroyed; provided that, in the case of any mutilated Bond, such mutilated Bond shall first be surrendered to the Trustee, and in the case of any lost, stolen or destroyed Bond, there shall be first furnished to the Trustee evidence of such loss, theft or destruction satisfactory to the Trustee, or an affidavit of an officer of the Bondholder attesting to such loss, theft or destruction, together in all cases with indemnity satisfactory to the Trustee and the Issuer. In the event any such Bond shall have matured, instead of issuing a duplicate Bond, the Trustee may pay the same without surrender thereof upon compliance with the foregoing. The Trustee may charge the Registered Owner of such Bond with its reasonable fees and expenses in connection therewith. Any Bond issued pursuant to this Section 2.5 shall be deemed part of the Series of Bonds in respect of which it was issued and an original additional contractual obligation of the Issuer.

Section 2.6 Registration of Bonds; Persons Treated as Owners. The Issuer shall cause the books for the registration and for the transfer of the Bonds to be kept by the Trustee which is hereby constituted and appointed the Registrar of the Issuer with respect to the Bonds, provided, however, that the Issuer may by Supplemental Indenture select a party other than the Trustee to act as Registrar with respect to the Series of Bonds issued under said Supplemental Indenture. Upon the occurrence of an Event of Default which would require any Security Instrument Issuer to make payment under a Security Instrument Agreement, the Registrar shall make such registration books available to the Security Instrument Issuer. Any Bond may, in accordance with its terms, be transferred only upon the registration books kept by the Registrar, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Bond for cancellation, accompanied by delivery of a written instrument of transfer in a form approved by the Registrar, duly executed. No transfer shall be effective until entered on the registration books kept by the Registrar. Upon surrender for transfer of any Bond at the Corporate Trust Office of the Trustee, duly endorsed by, or accompanied by a written instrument or instruments of transfer in form satisfactory to the Trustee and duly executed by, the Registered Owner or his attorney duly authorized in writing, the Issuer shall execute and the Trustee shall authenticate and deliver in the name of the transferee or transferees, a new Bond or Bonds of the same Series and the same maturity for a like aggregate principal amount as the Bond surrendered for transfer. Bonds may be exchanged at the Corporate Trust Office of the Trustee for a like aggregate principal amount of Bonds of the same Series and the same maturity. The execution by the Issuer of any Bond of any authorized denomination shall constitute full and due authorization of such denomination, and the Trustee shall thereby be authorized to authenticate and deliver such Bond. Except as otherwise provided in a Supplemental Indenture with respect to a Series of Bonds, the Issuer and the Trustee shall not be required to transfer or exchange any Bond (i) during the period from and including any Regular Record Date, to and including the next succeeding Interest

Payment Date, (ii) during the period from and including the day fifteen days prior to any Special Record Date, to and including the date of the proposed payment pertaining thereto, (iii) during the period from and including the day fifteen days prior to the mailing of notice calling any Bonds for redemption, to and including the date of such mailing, or (iv) at any time following the mailing of notice calling such Bond for redemption.

The Issuer, the Registrar and the Paying Agent may treat and consider the person in whose name each Bond is registered on the registration books kept by the Registrar as the holder and absolute owner thereof for the purpose of receiving payment of, or on account of, the principal or redemption price thereof and interest due thereon and for all other purposes whatsoever, and neither the Issuer, nor the Registrar nor the Paying Agent shall be affected by any notice to the contrary. Payment of or on account of either principal of or interest on any Bond shall be made only to or upon order of the Registered Owner thereof or such person's legal representative, but such registration may be changed as hereinabove provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

The Trustee shall require the payment by the Bondholder requesting exchange or transfer of Bonds of any tax or other governmental charge and by the Issuer of any service charge of the Trustee as Registrar which are required to be paid with respect to such exchange or transfer and such charges shall be paid before such new Bond shall be delivered.

Section 2.7 Redemption Provisions. The Term Bonds of each Series of Bonds shall be subject, to the extent provided in the Supplemental Indenture authorizing each such Series of Bonds, to redemption prior to maturity by operation of Sinking Fund Installments required to be made to the Sinking Fund Account. The Bonds of each Series shall further be subject to redemption prior to maturity at such times and upon such terms as shall be fixed by such Supplemental Indenture. Except as otherwise provided in a Supplemental Indenture, if fewer than all Bonds of a Series are to be redeemed, the particular maturities of such Bonds to be redeemed and the Principal amounts of such maturities to be redeemed shall be selected by the Issuer. If fewer than all of the Bonds of any one maturity of a Series shall be called for redemption, the particular units of Bonds, as determined in accordance with Section 2.9 hereof, to be redeemed shall be selected by the Trustee randomly in such manner as the Trustee, in its discretion, may deem fair and appropriate.

#### Section 2.8 Notice of Redemption.

(a) In the event any of the Bonds are to be redeemed, the Registrar shall cause notice to be given as provided in this Section 2.8. Unless otherwise specified in the Supplemental Indenture authorizing the issuance of the applicable Series of Bonds, notice of such redemption (i) shall be filed with the Paying Agent designated for the Bonds being redeemed; and (ii) shall be mailed by first class mail, postage prepaid, to all Registered Owners of Bonds to be redeemed at their addresses as they appear on the registration books of the Registrar at least thirty (30) days but not more than sixty (60) days prior to the date fixed for redemption. Such notice shall state the following information:

(i) the complete official name of the Bonds, including Series, to be redeemed, the identification numbers of Bonds and the CUSIP numbers, if any, of the Bonds being redeemed, provided that any such notice shall state that no representation is made as to the correctness of CUSIP numbers either as printed on such Bonds or as contained in the notice of redemption and that reliance may be placed only on the identification numbers contained in the notice or printed on such Bonds;

(ii) any other descriptive information needed to identify accurately the Bonds being redeemed, including, but not limited to, the original issue date of, and interest rate on, such Bonds;

(iii) in the case of partial redemption of any Bonds, the respective principal amounts thereof to be redeemed;

(iv) the date of mailing of redemption notices and the redemption date;

(v) the redemption price;

(vi) that on the redemption date the redemption price will become due and payable upon each such Bond or portion thereof called for redemption, and that interest thereon shall cease to accrue from and after said date; and

(vii) the place where such Bonds are to be surrendered for payment, designating the name and address of the redemption agent with the name of a contact person and telephone number.

(b) In addition to the foregoing, further notice of any redemption of Bonds hereunder shall be given by the Trustee, simultaneous with the mailed notice to Registered Owners, to the Municipal Securities Rulemaking Board and all registered securities depositories (as reasonably determined by the Trustee) then in the business of holding substantial amounts of obligations of types comprising the Bonds. Such further notice shall contain the information required in clause (a) above. Failure to give all or any portion of such further notice shall not in any manner defeat the effectiveness of a call for redemption.

(c) Upon the payment of the redemption price of Bonds being redeemed, each check or other transfer of funds issued for such purpose shall bear the CUSIP number identifying, by issue and maturity, the Bonds being redeemed with the proceeds of such check or other transfer.

(d) If at the time of mailing of any notice of optional redemption there shall not be on deposit with the Trustee moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that such redemption shall be conditioned upon receipt by the Trustee on or prior to the date fixed for such redemption of moneys sufficient to pay the principal of and interest on such Bonds to be redeemed and that if such moneys shall not have been so received said notice shall be of no force and effect and the Issuer shall not be required to redeem such Bonds. In the event that such moneys are not so received, the redemption shall not be made and the Trustee shall within a reasonable time thereafter

give notice, one time, in the same manner in which the notice of redemption was given, that such moneys were not so received.

(e) A second notice of redemption shall be given, not later than ninety (90) days subsequent to the redemption date, to Registered Owners of Bonds or portions thereof redeemed but who failed to deliver Bonds for redemption prior to the 60th day following such redemption date.

(f) Any notice mailed shall be conclusively presumed to have been duly given, whether or not the owner of such Bonds receives the notice. Receipt of such notice shall not be a condition precedent to such redemption, and failure so to receive any such notice by any of such Registered Owners shall not affect the validity of the proceedings for the redemption of the Bonds.

(g) In case any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond will be issued.

Section 2.9 Partially Redeemed Fully Registered Bonds. Unless otherwise specified in the related Supplemental Indenture, in case any registered Bond shall be redeemed in part only, upon the presentation of such Bond for such partial redemption, the Issuer shall execute and the Trustee shall authenticate and shall deliver or cause to be delivered to or upon the written order of the Registered Owner thereof, at the expense of the Issuer, a Bond or Bonds of the same Series, interest rate and maturity, in aggregate principal amount equal to the unredeemed portion of such registered Bond. Unless otherwise provided by Supplemental Indenture, a portion of any Bond of a denomination of more than the minimum denomination of such Series specified herein or in the related Supplemental Indenture to be redeemed will be in the principal amount of such minimum denomination or an integral multiple thereof and in selecting portions of such Bonds for redemption, the Trustee will treat each such Bond as representing that number of Bonds of such minimum denomination which is obtained by dividing the principal amount of such Bonds by such minimum denomination.

Section 2.10 Cancellation. All Bonds which have been surrendered for payment, redemption or exchange, and Bonds purchased from any moneys held by the Trustee hereunder or surrendered to the Trustee by the Issuer, shall be canceled and cremated or otherwise destroyed by the Trustee and shall not be reissued; provided, however, that one or more new Bonds shall be issued for the unredeemed portion of any Bond without charge to the Registered Owner thereof.

Section 2.11 Nonpresentation of Bonds. Unless otherwise provided by Supplemental Indenture, in the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity or otherwise, or at the date fixed for redemption thereof, if funds sufficient to pay such Bond shall have been made available to the Trustee, all liability of the Issuer to the Registered Owner thereof for the payment of such Bond shall forthwith cease, terminate and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds, without liability to the Registered Owner of such Bond for interest thereon, for the benefit of the Registered Owner of such Bond who shall thereafter be restricted exclusively to such fund

or funds for any claim of whatever nature on his part hereunder or on, or with respect to, said Bond. If any Bond shall not be presented for payment within five years following the date when such Bond becomes due, whether by maturity or otherwise, the Trustee shall, to the extent permitted by law, repay to the Issuer the funds theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Registered Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money. The provisions of this Section 2.11 are subject to the provisions of Title 67, Chapter 4a, Utah Code Annotated 1953, as amended.

Section 2.12 Initial Bonds. Subject to the provisions hereof, the Initial Bonds may be authenticated and delivered by the Trustee upon satisfaction of the conditions specified in Section 2.4(c) hereof and any additional conditions specified in the Supplemental Indenture authorizing such Series of Bonds.

Section 2.13 Issuance of Additional Bonds. No additional indebtedness, bonds or notes of the Issuer secured by a pledge of the Revenues senior to the pledge of Net Revenues for the payment of the Bonds and the Security Instrument Repayment Obligations herein authorized shall be created or incurred without the prior written consent of the Owners of 100% of the Outstanding Bonds and the Security Instrument Issuers. In addition, no Additional Bonds or other indebtedness, bonds or notes of the Issuer payable on a parity with the Bonds and the Security Instrument Repayment Obligations herein authorized out of Net Revenues shall be created or incurred, unless the following requirements have been met:

(a) No Event of Default shall have occurred and be continuing hereunder on the date of authentication of any Additional Bonds. This Section 2.13(a) shall not preclude the issuance of Additional Bonds if (i) the issuance of such Additional Bonds otherwise complies with the provisions hereof and (ii) such Event of Default will cease to continue upon the issuance of Additional Bonds and the application of the proceeds thereof; and

(b) A certificate shall be delivered to the Trustee by an Authorized Representative to the effect that the Net Revenues plus Other Available Funds for any Year, less any Direct Payments, for any consecutive 12-month period in the 24 months immediately preceding the proposed date of issuance of such Additional Bonds were at least equal to 125% of the sum of the Aggregate Annual Debt Service Requirement on all Bonds outstanding for said Year; provided, however, that such Net Revenue coverage test set forth above in this Subsection (b) shall not apply to the issuance of any Additional Bonds to the extent (i) they are issued for the purpose of refunding Bonds issued hereunder, (ii) the Average Aggregate Annual Debt Service for such Additional Bonds does not exceed the then remaining Average Aggregate Annual Debt Service for the Bonds being refunded therewith, and (iii) the maximum Aggregate Annual Debt Service Requirement for such Additional Bonds is less than or equal to the maximum Aggregate Annual Debt Service Requirement for the Bonds being refunded therewith; and

(c) In the case of Additional Bonds issued to finance a Project, the Issuer shall have delivered to the Trustee a certificate from an Authorized Representative:

(i) setting forth the Estimated Net Revenues as herein described (assuming, if applicable, the completion of the Project, or any portion thereof, financed with proceeds of the Additional Bonds) either:

(A) for each of the two Bond Fund Years succeeding the latest estimated date of completion of the Project, or any portion thereof, if proceeds of the Additional Bonds are used to fund interest during the construction period, or

(B) if (A) is not the case, for the then current Bond Fund Year and each succeeding Bond Fund Year to and including the second Bond Fund Year succeeding the latest estimated date of completion of the Project, or any portion thereof; and

(ii) verifying that the Estimated Net Revenues as shown in (i) above for each of such Bond Fund Years, less any Direct Payments, plus Other Available Funds are not less than 125% of the Aggregate Annual Debt Service Requirement for each of such Bond Fund Years with respect to all of the Bonds and Additional Bonds which would then be Outstanding (after taking into account any principal reductions resulting from regularly scheduled principal or sinking fund redemption payments) and the Additional Bonds so proposed to be issued.

For purposes of this Section 2.13(c), "Estimated Net Revenues" shall be determined by the Authorized Representative as follows:

(A) The total Net Revenues of the System for any Year in the 24 months immediately preceding the authentication and delivery of the Additional Bonds shall first be determined. For purposes of these calculations, Revenues may be adjusted to give full effect to rate increases implemented prior to the issuance of the Additional Bonds.

(B) Next, the additional Net Revenues, if any, resulting from the Project, or any portion thereof, financed with the proceeds of the Additional Bonds will be estimated by a Qualified Engineer for the applicable Bond Fund Years as determined in Section 2.13(c)(i)(A) or (B) above.

(C) The Estimated Net Revenues will be the sum of the Net Revenues as calculated in (A) above, less any Direct Payments, plus 80% of the estimated additional Net Revenues as calculated in (B) above.

(d) All payments required by this Indenture to be made into the Bond Fund must have been made in full, and there must be on deposit in each account of the Debt Service Reserve Fund (taking into account any Reserve Instrument coverage) the full amount required to be accumulated therein at the time of issuance of the Additional Bonds; and

(e) The proceeds of the Additional Bonds must be used (i) to refund Bonds issued hereunder, or other obligations of the Issuer (including the funding of necessary

reserves and the payment of costs of issuance) and/or (ii) to finance or refinance a Project (including the funding of necessary reserves and the payment of costs of issuance).

Section 2.14 Form of Bonds. The Bonds of each Series and the Trustee's Authentication Certificate shall be in substantially the forms thereof set forth in the Supplemental Indenture authorizing the issuance of such Bonds, with such omissions, insertions and variations as may be necessary, desirable, authorized and permitted hereby.

Section 2.15 Covenant Against Creating or Permitting Liens. Except for the pledge of Net Revenues to secure payment of the Bonds and other Repayment Obligations hereunder, the Net Revenues are and shall be free and clear of any pledge, lien, charge or encumbrance thereon or with respect thereto; provided, however, that nothing contained herein shall prevent the Issuer from issuing, if and to the extent permitted by law, indebtedness having a lien on Net Revenues subordinate to that of the Bonds and Repayment Obligations.

Section 2.16 Perfection of Security Interest. (a) The Indenture creates a valid and binding pledge and assignment of security interest in all of the Net Revenues pledged under the Indenture in favor of the Trustee as security for payment of the Bonds, enforceable by the Trustee in accordance with the terms thereof.

(b) Under the laws of the State, such pledge and assignment and security interest is automatically perfected by Section 11-14-501, Utah Code, and is and shall have priority as against all parties having claims of any kind in tort, contract, or otherwise hereafter imposed on the Net Revenues.

### ARTICLE III CREATION OF FUNDS AND ACCOUNTS

Section 3.1 Creation of Acquisition/Construction Fund. There is hereby created and ordered established in the custody of the Trustee the Acquisition/Construction Fund. There is hereby created and ordered established in the custody of the Trustee a separate account within the Acquisition/Construction Fund for each Project to be designated by the name of the applicable Project or Series of Bonds and, if applicable, a separate account for each Series of Bonds and for all grant moneys or other moneys to be received by the Issuer for deposit in the Acquisition/Construction Fund.

Section 3.2 Creation of Revenue Fund. The Issuer shall create and establish with the Issuer the Revenue Fund. For accounting purposes, the Revenue Fund may be redesignated by different account names by the Issuer from time to time.

Section 3.3 Creation of Bond Fund. There is hereby created and ordered established in the custody of the Trustee the Bond Fund.

Section 3.4 Creation of Sinking Fund Account. There is hereby created and ordered established in the custody of the Trustee as a separate account within the Bond Fund the Sinking Fund Account.

Section 3.5 Creation of Debt Service Reserve Fund. There is hereby created and ordered established in the custody of the Trustee the Debt Service Reserve Fund.

Section 3.6 Creation of Reserve Instrument Fund. There is hereby created and ordered established in the custody of the Trustee the Reserve Instrument Fund.

Section 3.7 Creation of Repair and Replacement Fund. There is hereby created and ordered established in the custody of the Issuer the Repair and Replacement Fund.

Section 3.8 Creation of Rebate Fund. There is hereby created and ordered established in the custody of the Trustee the Rebate Fund.

Section 3.9 Creation of Rate Stabilization Fund. There is hereby created and ordered established in the custody of the Issuer the Rate Stabilization Fund. For accounting purposes, the Rate Stabilization Fund may be redesignated by different account name by the Issuer from time to time.

Section 3.10 Creation of Funds and Accounts. Notwithstanding anything contained herein to the contrary, the Trustee need not create any of the funds or accounts referenced in this Article III until such funds or accounts shall be utilized as provided in a Supplemental Indenture. The Issuer may, by Supplemental Indenture, authorize the creation of additional funds and additional accounts within any funds the Trustee may create.

#### ARTICLE IV APPLICATION OF BOND PROCEEDS

Upon the issuance of each Series of Bonds, the proceeds thereof shall be deposited as provided in the Supplemental Indenture authorizing the issuance of such Series of Bonds.

#### ARTICLE V USE OF FUNDS

##### Section 5.1 Use of Acquisition/Construction Fund.

(a) So long as an Event of Default shall not have occurred and be continuing and except as otherwise provided by Supplemental Indenture, moneys deposited in the appropriate account in the Acquisition/Construction Fund shall be disbursed by the Trustee to pay the Costs of a Project, in each case within three Business Days (or within such longer period as is reasonably required to liquidate investments in the Acquisition/Construction Fund if required to make such payment) after the receipt by the Trustee of a written requisition approved by an Authorized Representative of the Issuer in substantially the form as Exhibit A attached hereto, stating that the Trustee shall disburse sums in the manner specified by and at the direction of the Issuer to the person or entity designated in such written requisition, and that the amount set forth therein is justly due and owing and constitutes a Cost of a Project based upon audited, itemized claims substantiated in support thereof.

(b) Upon receipt of such requisition, the Trustee shall pay the obligation set forth in such requisition out of moneys in the applicable account in the Acquisition/Construction Fund. In making such payments the Trustee may rely upon the information submitted in such requisition. Such payments shall be presumed to be made properly and the Trustee shall not be required to verify the application of any payments from the Acquisition/Construction Fund or to inquire into the purposes for which disbursements are being made from the Acquisition/Construction Fund.

(c) The Issuer shall deliver to the Trustee, within 90 days after the completion of a Project, a certificate executed by an Authorized Representative of the Issuer stating:

(i) that such Project has been fully completed in accordance with the plans and specifications therefor, as amended from time to time, and stating the date of completion for such Project; and

(ii) that the Project has been fully paid for and no claim or claims exist against the Issuer or against such Project out of which a lien based on furnishing labor or material exists or might ripen; provided, however, there may be excepted from the foregoing certification any claim or claims out of which a lien exists or might ripen in the event the Issuer intends to contest such claim or claims, in which event such claim or claims shall be described to the Trustee.

(d) In the event the certificate filed with the Trustee pursuant to Section 5.1(c) herein shall state that there is a claim or claims in controversy which create or might ripen into a lien, an Authorized Representative of the Issuer shall file a similar certificate with the Trustee when and as such claim or claims shall have been fully paid or otherwise discharged.

(e) The Trustee and the Issuer shall keep and maintain adequate records pertaining to each account within the Acquisition/Construction Fund and all disbursements therefrom.

(f) Unless otherwise specified in a Supplemental Indenture, upon completion of a Project and payment of all costs and expenses incident thereto and the filing with the Trustee of documents required by this Section 5.1, any balance remaining in the applicable account in the Acquisition/Construction Fund relating to such Project shall, as directed by an Authorized Representative of the Issuer, be deposited in the Bond Fund, to be applied, (i) toward the redemption of the Series of Bonds issued to finance such Project or (ii) to pay principal and/or interest next falling due with respect to such Series of Bonds.

##### Section 5.2 Application of Revenues.

(a) Unless otherwise provided herein, all Revenues shall be deposited in the Revenue Fund and shall be accounted for by the Issuer separate and apart from all other moneys of the Issuer.

(b) As a first charge and lien on the Revenues, the Issuer shall cause to be paid from the Revenue Fund from time to time as the Issuer shall determine, all Operation and

Maintenance Expenses of the System as the same become due and payable, and thereupon such expenses shall be promptly paid.

(c) So long as any Bonds are Outstanding hereunder, as a second charge and lien on the Revenues after payment of Operation and Maintenance Expenses, (i.e., the Net Revenues), such Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) shall be applied on or before the first day of each month as follows:

(i) approximately one-sixth (or one-twelfth in the event that the Supplemental Indenture provides that interest on the Bonds authorized thereunder is payable annually instead of semiannually) of the interest falling due on the Bonds on the next succeeding interest payment date established for the Bonds; provided, however, that in the event that less than six (or twelve, if applicable) months will transpire prior to the first interest payment date following the issuance of a Series of Bonds, the Issuer shall transfer an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of interest falling due on the Bonds on the next succeeding Interest Payment Date established for the Bonds; plus

(ii) approximately one-twelfth of the principal and premium and Sinking Fund Installments, if any, falling due on the next succeeding interest payment date established for the Bonds on which principal is due; provided, however, that in the event principal on a Series of Bonds is due on the first Interest Payment Date following the issuance of such Series, the Issuer shall deposit an amount equal to a fraction the numerator of which is one and the denominator of which is the number of full months to transpire prior to such Interest Payment Date times the amount of principal and premium and Sinking Fund Installment, if any, due on such Interest Payment Date;

the sum of which shall be sufficient, when added to the existing balance in the Bond Fund, to pay the principal of, premium, if any, and interest on the Bonds promptly on each such date as the same become due and payable. The foregoing provisions may be revised by a Supplemental Indenture for any Series of Bonds having other than semiannual Interest Payment Dates.

(In lieu of monthly payments, a Supplemental Indenture may provide for semiannual payments to the Bond Fund, in which case the date of payment to the Trustee of an amount equal to the principal of, premium, if any, and interest falling due on the Bonds on the next succeeding Interest Payment Date shall not be less than fifteen days prior to said Interest Payment Date.)

(d) As a third charge and lien on the Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) (on a parity basis), the Issuer shall make the following transfers to the Trustee on or before the fifteenth day of each month of each year:

(i) To the extent the Debt Service Reserve Requirement, if any, is not funded with a Reserve Instrument or Instruments, (A) to the accounts in the Debt Service Reserve Fund any amounts required hereby, and by any Supplemental Indenture to accumulate therein the applicable Debt Service Reserve Requirement with respect to each Series of Bonds at the times and in the amounts provided herein, and in any Supplemental Indenture and (B) if funds shall have been withdrawn from an account in the Debt Service Reserve Fund, or any account in the Debt Service Reserve Fund is at any time funded in an amount less than the applicable Debt Service Reserve Requirement, the Issuer shall deposit Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) in such account(s) in the Debt Service Reserve Fund sufficient in amount to restore such account(s) within one year with twelve (12) substantially equal payments during such period (unless otherwise provided for by the Supplemental Indenture governing the applicable Debt Service Reserve Requirement); or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(d)(ii) hereof) of remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) if less than the amount necessary; and

(ii) Equally and ratably to the accounts of the Reserve Instrument Fund, with respect to all Reserve Instruments which are in effect and are expected to continue in effect after the end of such month, such amount of the remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund), or a ratable portion (based on the amount to be transferred pursuant to Section 5.2(d)(i) hereof) of the amount so remaining if less than the amount necessary, that is required to be paid, on or before the next such monthly transfer or deposit of Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) into the Reserve Instrument Fund, to the Reserve Instrument Provider pursuant to any Reserve Instrument Agreement, other than Reserve Instrument Costs, in order to cause the Reserve Instrument Coverage to equal the Reserve Instrument Limit within one year from any draw date under the Reserve Instrument.

(e) As a fourth charge and lien on the Net Revenues (and, if applicable any amounts on deposit in the Rate Stabilization Fund), the Issuer shall deposit in the Repair and Replacement Fund any amount required hereby and by any Supplemental Indenture to accumulate therein the Repair and Replacement Reserve Requirement. In the event that the amount on deposit in the Repair and Replacement Fund shall ever be less than the Repair and Replacement Reserve Requirement for the Bonds then Outstanding (or, after the issuance of Additional Bonds, the amount required to be on deposit therein), from time to time, the Issuer shall deposit to the Repair and Replacement Fund from the Revenue Fund all remaining Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) of the System after payments required by Sections 5.2(b), 5.2(c) and 5.2(d) herein have been made until there is on deposit in the Repair and Replacement Fund an amount equal to the Repair and Replacement Reserve Requirement. Subject to the provisions of Section 5.2(f) herein, this provision is not intended to limit, and shall not limit, the right of the Issuer to deposit additional moneys in the Repair and Replacement Fund from time to time as the Issuer may determine.

(f) Subject to making the foregoing deposits, the Issuer may use the balance of the Net Revenues accounted for in the Revenue Fund for any of the following:

- (i) redemption of Bonds;
- (ii) refinancing, refunding, or advance refunding of any Bonds;
- (iii) for transfer to the Rate Stabilization Fund; or
- (iv) for any other lawful purpose.

Section 5.3 Use of Bond Fund. The Issuer may direct the Trustee, pursuant to a Supplemental Indenture, to create an account within the Bond Fund for a separate Series of Bonds under the Indenture.

(a) The Trustee shall make deposits to the Bond Fund, as and when received, as follows:

- (i) accrued interest received upon the issuance of any Series of Bonds;
- (ii) all moneys payable by the Issuer as specified in Section 5.2(c) hereof;
- (iii) any amount in the Acquisition/Construction Fund to the extent required by or directed pursuant to Section 5.1(f) hereof upon completion of a Project;
- (iv) all moneys transferred from the Debt Service Reserve Fund or from a Reserve Instrument or Instruments then in effect as provided in Section 5.5 hereof; and
- (v) all other moneys received by the Trustee hereunder when accompanied by directions from the person depositing such moneys that such moneys are to be paid into the Bond Fund.

(b) Except as provided in Section 7.4 hereof and as provided in this Section 5.3 and except as otherwise provided by Supplemental Indenture, moneys in the Bond Fund shall be expended solely for the following purposes and in the following order of priority:

- (i) on or before each Interest Payment Date for each Series of Bonds, the amount required to pay the interest due on such date;
- (ii) on or before each Principal Installment due date, the amount required to pay the Principal Installment due on such due date; and
- (iii) on or before each redemption date for each Series of Bonds, the amount required to pay the redemption price of and accrued interest on such Bonds then to be redeemed.

Such amounts shall be applied by the Paying Agent to pay Principal Installments and redemption price of, and interest on the related Series of Bonds.

The Trustee shall pay out of the Bond Fund to the Security Instrument Issuer, if any, that has issued a Security Instrument with respect to such Series of Bonds an amount equal to any Security Instrument Repayment Obligation then due and payable to such Security Instrument Issuer. Except as otherwise specified in a related Supplemental Indenture all such Security Instrument Repayment Obligations shall be paid on a parity with the payments to be made with respect to principal and interest on the Bonds; provided that amounts paid under a Security Instrument shall be applied only to pay the related Series of Bonds. If payment is so made on Pledged Bonds held for the benefit of the Security Instrument Issuer, a corresponding payment on the Security Instrument Repayment Obligation shall be deemed to have been made (without requiring an additional payment by the Issuer) and the Trustee shall keep its records accordingly.

The Issuer hereby authorizes and directs the Trustee to withdraw sufficient funds from the Bond Fund to pay principal of and interest on the Bonds and on Security Instrument Repayment Obligations as the same become due and payable and to make said funds so withdrawn available to the Trustee and any Paying Agent for the purpose of paying said Principal and interest.

(c) After payment in full of the Principal of and interest on (1) all Bonds issued hereunder (or after provision has been made for the payment thereof as provided herein so that such Bonds are no longer Outstanding); (2) all agreements relating to all outstanding Security Instrument Repayment Obligations and Reserve Instrument Repayment Obligations in accordance with their respective terms; and (3) the fees, charges and expenses of the Trustee, the Paying Agent and any other amounts required to be paid hereunder or under any Supplemental Indenture and under any Security Instrument Agreement and under any Reserve Instrument Agreement; all amounts remaining in the Bond Fund shall be paid to the Issuer.

#### Section 5.4 Use of Sinking Fund Account.

(a) The Trustee shall apply moneys in the Sinking Fund Account to the retirement of any Term Bonds required to be retired by operation of the Sinking Fund Account under the provisions of and in accordance with the Supplemental Indenture authorizing the issuance of such Term Bonds, either by redemption in accordance with such Supplemental Indenture or, at the direction of the Issuer, purchase of such Term Bonds in the open market prior to the date on which notice of the redemption of such Term Bonds is given pursuant hereto, at a price not to exceed the redemption price of such Term Bonds (plus accrued interest which will be paid from moneys in the Bond Fund other than those in the Sinking Fund Account).

(b) On the maturity date of any Term Bonds, the Trustee shall apply the moneys on hand in the Sinking Fund Account for the payment of the principal of such Term Bonds.

Section 5.5 Use of Debt Service Reserve Fund. Except as otherwise provided in this Section 5.5 and subject to the immediately following sentence, moneys in each account in the Debt Service Reserve Fund shall at all times be maintained in an amount not less than the applicable



Debt Service Reserve Requirement, if any. In calculating the amount on deposit in each account in the Debt Service Reserve Fund, the amount of any Reserve Instrument Coverage will be treated as an amount on deposit in such account in the Debt Service Reserve Fund. Each Supplemental Indenture authorizing the issuance of a Series of Bonds shall specify the Debt Service Reserve Requirement, if any, applicable to such Series which amount shall either be (i) deposited immediately upon the issuance and delivery of such Series from (a) proceeds from the sale thereof or from any other legally available source, or (b) by a Reserve Instrument or Instruments, or (c) any combination thereof; (ii) deposited from available Net Revenues over the period of time specified therein, or (iii) deposited from any combination of (i) and (ii) above; provided however, the foregoing provisions shall be subject to the requirements of any Security Instrument Issuer set forth in any Supplemental Indenture. If at any time the amount on deposit in any account of the Debt Service Reserve Fund is less than the minimum amount to be maintained therein under this Section 5.5, the Issuer is required, pursuant to Section 5.2(d) hereof and the provisions of any Supplemental Indenture, to make payments totaling the amount of any such deficiency directly to the Trustee for deposit into the Debt Service Reserve Fund.

In the event funds on deposit in an account of the Debt Service Reserve Fund are needed to make up any deficiencies in the Bond Fund as aforementioned, and there is insufficient cash available in such account of the Debt Service Reserve Fund to make up such deficiency and Reserve Instruments applicable to such Series are in effect, the Trustee shall immediately make a demand for payment on such Reserve Instruments, to the maximum extent authorized by such Reserve Instruments, in the amount necessary to make up such deficiency, and immediately deposit such payment upon receipt thereof into the Bond Fund. Thereafter, the Issuer shall be obligated to reinstate the Reserve Instrument as provided in Section 5.2(d)(ii) herein.

No Reserve Instrument shall be allowed to expire or terminate while the related Series of Bonds are Outstanding unless and until cash has been deposited into the related account of the Debt Service Reserve Fund, or a new Reserve Instrument has been issued in place of the expiring or terminating Reserve Instrument, or any combination thereof in an amount or to provide coverage, as the case may be, at least equal to the amount required to be maintained in the related account of the Debt Service Reserve Fund.

Moneys at any time on deposit in the account of the Debt Service Reserve Fund in excess of the amount required to be maintained therein (taking into account the amount of related Reserve Instrument Coverage) shall be transferred by the Trustee to the Bond Fund at least once each year.

Moneys on deposit in any account of the Debt Service Reserve Fund shall be used to make up any deficiencies in the Bond Fund only for the Series of Bonds secured by said account and any Reserve Instrument shall only be drawn upon with respect to the Series of Bonds for which such Reserve Instrument was obtained.

The Issuer may, upon obtaining approving opinion of bond counsel to the effect that such transaction will not adversely affect the tax-exempt status of any outstanding Bonds, replace any amounts required to be on deposit in the Debt Service Reserve Fund with a Reserve Instrument.

Section 5.6 Use of Reserve Instrument Fund. There shall be paid into the Reserve Instrument Fund the amounts required hereby and by a Supplemental Indenture to be so paid. The

amounts in the Reserve Instrument Fund shall, from time to time, be applied by the Trustee on behalf of the Issuer to pay the Reserve Instrument Repayment Obligations which are due and payable to any Reserve Instrument Provider under any applicable Reserve Instrument Agreement.

Section 5.7 Use of Repair and Replacement Fund. All moneys in the Repair and Replacement Fund may be drawn on and used by the Issuer for the purpose of (a) paying the cost of unusual or extraordinary maintenance or repairs of the System; (b) paying the costs of any renewals, renovation, improvements, expansion or replacements to the System; and (c) paying the cost of any replacement of buildings, lines, equipment and other related facilities, to the extent the same are not paid as part of the ordinary and normal expense of the operation of the System.

Funds shall be deposited monthly from available Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) in such amounts as may be required from time to time by each Supplemental Indenture until the Repair and Replacement Fund has an amount equivalent to the Repair and Replacement Requirement. Any deficiencies below the Repair and Replacement Requirement shall be made up from Net Revenues (and, if applicable, any amounts on deposit in the Rate Stabilization Fund) of the System available for such purposes. Funds at any time on deposit in the Repair and Replacement Fund in excess of the amount required to be maintained therein may, at any time, be used by the Issuer for any lawful purpose.

Section 5.8 Use of Rebate Fund.

(a) If it becomes necessary for the Issuer to comply with the rebate requirements of the Code and the Regulations, the Trustee shall establish and thereafter maintain, so long as the Bonds which are subject to said rebate requirements are Outstanding, a Rebate Fund, which shall be held separate and apart from all other funds and accounts established under this Indenture and from all other moneys of the Trustee.

(b) All amounts in the Rebate Fund, including income earned from investment of the fund, shall be held by the Trustee free and clear of the lien of the Indenture. In the event the amount on deposit in the Rebate Fund exceeds the aggregate amount of Rebatable Arbitrage for one or more Series of Bonds, as verified in writing by an independent public accountant or other qualified professional at the time the Rebatable Arbitrage is determined, the excess amount remaining after payment of the Rebatable Arbitrage to the United States shall, upon the Issuer's written request accompanied by the determination report, be paid by the Trustee to the Issuer.

(c) The Issuer shall determine the amount of Rebatable Arbitrage and the corresponding Required Rebate Deposit with respect to each Series of Bonds on each applicable Rebate Calculation Date and take all other actions necessary to comply with the rebate requirements of the Code and the Regulations. The Issuer shall deposit into the Rebate Fund the Required Rebate Deposit, if any, with respect to each Series of Bonds (or instruct the Trustee to transfer to the Rebate Fund moneys representing such Required Rebate Deposit from the Funds and Accounts held under the Indenture other than the Rebate Fund) or shall otherwise make payment of the rebate to be paid to the United States at the times required by the Code and the Regulations. If applicable, the Issuer shall instruct in writing the Trustee to withdraw from the Rebate Fund and pay any rebate over to the

United States. The determination of Rebatale Arbitrage made with respect to each such payment date and with respect to any withdrawal and payment to the Issuer from the Rebate Fund pursuant to the Indenture must be verified in writing by an independent public accountant or other qualified professional. The Trustee may rely conclusively upon and shall be fully protected from all liability in relying upon the Issuer's determinations, calculations and certifications required by this Section 5.8 and the Trustee shall have no responsibility to independently make any calculations or determination or to review the Issuer's determinations, calculations and certifications required by this Section 5.8.

(d) The Trustee shall, at least 60 days prior to each Rebate Calculation Date, notify the Issuer of the requirements of this Section 5.8. By agreeing to give this notice, the Trustee assumes no responsibility whatsoever for compliance by the Issuer with the requirements of Section 148 of the Code or any successor. The Issuer expressly agrees that (notwithstanding any other provision of the Indenture) any failure of the Trustee to give any such notice, for any reason whatsoever, shall not cause the Trustee to be responsible for any failure of the Issuer to comply with the requirements of said Section 148 or any successor thereof.

(e) The provisions of this Section 5.8 may be amended or deleted without Bondowner consent or notice, upon receipt by the Issuer and the Trustee of an opinion of nationally recognized bond counsel that such amendment or deletion will not adversely affect the excludability from gross income of interest on the Bonds or the status of the Bonds as entitled to Direct Payments, if applicable.

Section 5.9 Investment of Funds. Any moneys in the Bond Fund, the Acquisition/Construction Fund, the Reserve Instrument Fund, the Rebate Fund or the Debt Service Reserve Fund shall, at the discretion and written authorization of the Issuer's Authorized Representative, be invested by the Trustee in Qualified Investments; provided, however, that moneys on deposit in the Bond Fund and the Reserve Instrument Fund may only be invested in Qualified Investments having a maturity date one year or less. If no written authorization is given to the Trustee, moneys shall be held uninvested. Such investments shall be held by the Trustee, and when the Trustee determines it necessary to use the moneys in the Funds for the purposes for which the Funds were created, it shall liquidate at prevailing market prices as much of the investments as may be necessary and apply the proceeds to such purposes. All income derived from the investment of the Acquisition/Construction Fund, Bond Fund, the Reserve Instrument Fund and Rebate Fund shall be maintained in said respective Funds and disbursed along with the other moneys on deposit therein as herein provided. All income derived from the investment of the Debt Service Reserve Fund shall be disbursed in accordance with Section 5.5 hereof. All moneys in the Revenue Fund may, at the discretion of the Issuer, be invested by the Issuer in Qualified Investments.

The Trustee shall have no liability or responsibility for any loss resulting from any investment made in accordance with the provisions of this Section 5.9. The Trustee shall be entitled to assume that any investment, which at the time of purchase is a Qualified Investment, remains a Qualified Investment thereafter, absent receipt of written notice or information to the contrary.

The Trustee may, to the extent permitted by the State Money Management Act of 1974, Title 51, Chapter 7, Utah Code, make any and all investments permitted by the provisions of the Indenture through its own or any of its affiliate's investment departments.

The Issuer acknowledges that to the extent regulations of the Comptroller of the Currency or any other regulatory entity grant the Issuer the right to receive brokerage confirmations of the security transactions as they occur, the Issuer specifically waives receipt of such confirmations to the extent permitted by law. The Trustee will furnish the Issuer periodic cash transaction statements which include the detail for all investment transactions made by the Trustee hereunder.

The Issuer may invest the amounts on deposit in the Repair and Replacement Fund as permitted by applicable law.

In the event the Issuer shall be advised by nationally recognized municipal bond counsel that it is necessary to restrict or limit the yield on the investment of any moneys paid to or held by the Trustee in order to avoid the Bonds, or any Series thereof, being considered "arbitrage bonds" within the meaning of the Code or the Treasury Regulations proposed or promulgated thereunder, or to otherwise preserve the excludability of interest payable or paid on any Bonds from gross income for federal income tax purposes, the Issuer may require in writing the Trustee to take such steps as it may be advised by such counsel are necessary so to restrict or limit the yield on such investment and the Trustee agrees that it will take all such steps as the Issuer may require.

Section 5.10 Trust Funds. All moneys and securities received by the Trustee under the provisions of this Indenture shall be trust funds under the terms hereof and shall not be subject to lien or attachment of any creditor of the State or any political subdivision, body, agency, or instrumentality thereof or of the Issuer and shall not be subject to appropriation by any legislative body or otherwise. Such moneys and securities shall be held in trust and applied in accordance with the provisions hereof. Except as provided otherwise in Section 5.8 hereof, unless and until disbursed pursuant to the terms hereof, all such moneys and securities (and the income therefrom) shall be held by the Trustee as security for payment of the principal of, premium, if any, and interest on the Bonds and the fees and expenses of the Trustee payable hereunder.

Section 5.11 Method of Valuation and Frequency of Valuation. In computing the amount in any fund or account, Qualified Investments shall be valued at market, exclusive of accrued interest. With respect to all funds and accounts, valuation shall occur annually, except in the event of a withdrawal from the Debt Service Reserve Fund, whereupon securities shall be valued immediately after such withdrawal.

Section 5.12 Use of Rate Stabilization Fund. The Issuer may create and maintain the Rate Stabilization Fund as a separate fund of the Issuer. The Rate Stabilization Fund may be funded by the Issuer from any legally available funds of the Issuer and/or may be funded by the Issuer from amounts transferred from the Revenue Fund as provided in Section 5.2(f)(iii). The Issuer may, from time to time, designate all or a portion of the amounts on deposit in the Rate Stabilization Fund as Other Available Funds (as described in the definition thereof). Except for amounts designated as provided in the immediately preceding sentence (for the year so designated), amounts on deposit in the Rate Stabilization Fund may be used by the Issuer for any lawful purpose. To the extent that amounts on deposit in the Revenue Fund are insufficient in any

year for any of the purposes thereof the Issuer covenants that, to the extent amounts are on deposit in the Rate Stabilization Fund, to transfer amounts from the Rate Stabilization Fund to the Revenue Fund to cover any such insufficiency.

## ARTICLE VI GENERAL COVENANTS

Section 6.1 General Covenants. The Issuer hereby covenants and agrees with each and every Registered Owner of the Bonds issued hereunder, Security Instrument Issuer and Reserve Instrument Provider as follows:

(a) While any of the principal of and interest on the Bonds are outstanding and unpaid, or any Repayment Obligations are outstanding, any resolution or other enactment of the Governing Body of the Issuer, applying the Net Revenues for the payment of the Bonds and the Repayment Obligations shall be irrevocable until the Bonds and/or any Repayment Obligations have been paid in full as to both principal and interest, and is not subject to amendment in any manner which would impair the rights of the holders of those Bonds or the Repayment Obligations which would in any way jeopardize the timely payment of principal or interest when due. Furthermore, the rates, for all services supplied by the System to the Issuer and to its inhabitants and to all rate payers within or without the boundaries of the Issuer, shall be sufficient to pay the Operation and Maintenance Expenses for the System, and to provide: Net Revenues for each Bond Fund Year which when added to the Other Available Funds for such year (less Direct Payments) shall equal not less than 125% of the Aggregate Annual Debt Service Requirement for such year; plus an amount sufficient to fund the Debt Service Reserve Fund for the Bonds in the time, rate and manner specified herein; provided, however, that such rates must be reasonable rates for the type, kind and character of the service rendered. There shall be no free service, and such rates shall be charged against all users of the System, including the Issuer. The Issuer agrees that should its annual financial statement made in accordance with the provisions of Section 6.1(d) hereof disclose that during the period covered by such financial statement the Net Revenues and Other Available Funds were not at least equal to the above requirement, the Issuer shall request that a Qualified Engineer, independent accountant, or other independent financial consultant make recommendations as to the revision of the rates, charges and fees and that the Issuer on the basis of such recommendations will revise the schedule of rates, charges and fees and further revise Operation and Maintenance Expenses so as to produce the necessary Net Revenues and Other Available Funds as herein required.

(b) The Issuer will maintain the System in good condition and operate the same in an efficient manner.

(c) Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider shall have a right, in addition to all other rights afforded it by the laws of the State, to apply to and obtain from any court of competent jurisdiction such decree or order as may be necessary to require the Issuer to charge or collect reasonable rates for services supplied by the System sufficient to meet all requirements hereof and of any applicable Reserve Instrument Agreement.

(d) So long as any principal and interest payments of the Bonds are Outstanding, or any Repayment Obligations are outstanding, proper books of record and account will be kept by the Issuer separate and apart from all other records and accounts, showing complete and correct entries of all transactions relating to the System. Each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider, or any duly authorized agent or agents thereof shall have the right at all reasonable times to inspect all records, accounts and data relating thereto and to inspect the System. Except as otherwise provided herein, the Issuer further agrees that it will within one hundred eighty (180) days following the close of each Bond Fund Year cause an audit of such books and accounts to be made by an independent firm of certified public accountants, showing the receipts and disbursements for account of the Net Revenues and the System, and that such audit will be available for inspection by each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider.

All expenses incurred in compiling the information required by this Section 6.1 shall be regarded and paid as an Operation and Maintenance Expense.

Section 6.2 Lien of Bonds; Equality of Liens. The Bonds and any Security Instrument Repayment Obligations constitute an irrevocable first lien upon the Net Revenues. The Issuer covenants that the Bonds and Security Instrument Repayment Obligations hereafter authorized to be issued and from time to time outstanding are equitably and ratably secured by a lien on the Net Revenues and shall not be entitled to any priority one over the other in the application of the Net Revenues regardless of the time or times of the issuance of the Bonds or delivery of Security Instruments, it being the intention of the Issuer that there shall be no priority among the Bonds or the Security Instrument Repayment Obligations regardless of the fact that they may be actually issued and/or delivered at different times.

Any assignment or pledge from the Issuer to a Reserve Instrument Provider of (i) proceeds of the issuance and sale of Bonds, (ii) Net Revenues, or (iii) Funds established hereby, including investments, if any, thereof, is and shall be subordinate to the assignment and pledge effected hereby to the Registered Owners of the Bonds and to the Security Instrument Issuers.

Section 6.3 Payment of Principal and Interest. The Issuer covenants that it will punctually pay or cause to be paid the Principal of and interest on every Bond issued hereunder, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations, in strict conformity with the terms of the Bonds, this Indenture, any Security Instrument Agreement and any Reserve Instrument Agreement, according to the true intent and meaning hereof and thereof. The Principal of and interest on the Bonds, any Security Instrument Repayment Obligations and any Reserve Instrument Repayment Obligations are payable solely from the Net Revenues (except to the extent paid out of moneys attributable to Bond proceeds or other funds created hereunder or the income from the temporary investment thereof), which Net Revenues are hereby specifically pledged and assigned to the payment thereof in the manner and to the extent herein specified, and nothing in the Bonds, this Indenture, any Security Instrument Agreement or any Reserve Instrument Agreement should be considered as pledging any other funds or assets of the Issuer for the payment thereof.

Section 6.4 Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained herein, and in any and every Bond, Security Instrument Agreement and Reserve Instrument Agreement. The Issuer represents that it is duly authorized under the Constitution of the State to issue the Bonds authorized hereby and to execute this Indenture, that all actions on its part for the issuance of the Bonds and the execution and delivery of this Indenture have been duly and effectively taken, and that the Bonds in the hands of the Registered Owners thereof are and will be valid and enforceable obligations of the Issuer according to the import thereof.

Section 6.5 List of Bondholders. The Trustee will keep on file at its Corporate Trust Office a list of the names and addresses of the Registered Owners of all Bonds which are from time to time registered on the registration books in the hands of the Trustee as Registrar for the Bonds. At reasonable times and under reasonable regulations established by the Trustee, said list may be inspected and copied by the Issuer or by the Registered Owners (or a designated representative thereof) of 10% or more in Principal amount of Bonds then Outstanding, such ownership and the authority of any such designated representative to be evidenced to the satisfaction of the Trustee.

Section 6.6 Designation of Additional Paying Agents. The Issuer hereby covenants and agrees to cause the necessary arrangements to be made through the Trustee and to be thereafter continued for the designation of alternate paying agents, if any, and for the making available of funds hereunder, but only to the extent such funds are made available to the Issuer from Bond proceeds or other Funds created hereunder or the income from the temporary investment thereof, for the payment of such of the Bonds as shall be presented when due at the Corporate Trust Office of the Trustee, or its successor in trust hereunder, or at the principal corporate trust office of said alternate Paying Agents.

Section 6.7 Tax Exemption of Bonds and Direct Payments. The Issuer recognizes that Section 149(a) of the Code requires bonds to be issued and to remain in fully registered form in order that interest thereon is excluded from gross income for federal income tax purposes under laws in force at the time the bonds are delivered. Bonds issued pursuant to this Indenture, the interest on which is excludable from gross income for federal income tax purposes, are referred to in this Section 6.7 as "tax-exempt Bonds." Pursuant to the provisions thereof, the Issuer agrees that it will not take any action to permit tax-exempt Bonds issued hereunder to be issued in, or converted into, bearer or coupon form, unless the Issuer first receives an opinion from nationally recognized bond counsel that such action will not result in the interest on any Bonds becoming includible in gross income for purposes of federal income taxes then in effect.

The Issuer's Mayor and City Recorder are hereby authorized and directed to execute such certificates as shall be necessary to establish that tax-exempt Bonds or entitled to Direct Payments issued hereunder are not "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations promulgated or proposed thereunder, including Treasury Regulation Sections 1.148-1 through 1.148-11, 1.149 and 1.150-1 through 1.150-2 as the same presently exist, or may from time to time hereafter be amended, supplemented or revised. The Issuer covenants and certifies to and for the benefit of the Registered Owners of such Bonds that no use will be made of the proceeds of the issue and sale of such Bonds, or any funds or accounts of the Issuer which may be deemed to be available proceeds of such Bonds, pursuant to Section 148 of the Code and applicable

regulations (proposed or promulgated) which use, if it had been reasonably expected on the date of issuance of such Bonds, would have caused the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code. Pursuant to this covenant, the Issuer obligates itself to comply throughout the term of such Bonds with the requirements of Section 148 of the Code and the regulations proposed or promulgated thereunder.

The Issuer further covenants and agrees to and for the benefit of the Registered Owners that the Issuer (i) will not take any action that would cause interest on tax-exempt Bonds issued hereunder to become includible in gross income for purposes of federal income taxation, (ii) will not take any action that would jeopardize the Direct Payments on Bonds issued under this Indenture, (iii) will not omit to take or cause to be taken, in timely manner, any action, which omission would cause the interest on the tax-exempt Bonds to become includible in gross income for purposes of federal income taxation, (iv) will not omit to take or cause to be taken, in timely manner, any action, which omission would jeopardize the Direct Payments on Bonds issued under this Indenture and (v) will, to the extent possible, comply with any other requirements of federal tax law applicable to the Bonds in order to preserve the excludability from gross income for purposes of federal income taxation of interest on tax-exempt Bonds and the Direct Payments on any Direct Payment Bonds issued under this Indenture.

Section 6.8 Expeditious Construction. The Issuer shall complete the acquisition and construction of each Project with all practical dispatch and will cause all construction to be effected in a sound and economical manner.

Section 6.9 Management of System. The Issuer, in order to assure the efficient management and operation of the System and to assure each Registered Owner, Security Instrument Issuer and Reserve Instrument Provider from time to time that the System will be operated on sound business principles, will employ competent and experienced management for the System, will use its best efforts to see that the System is at all times operated and maintained in first-class repair and condition and in such manner that the operating efficiency thereof shall be of the highest character.

Section 6.10 Use of Legally Available Moneys. Notwithstanding any other provisions hereof, nothing herein shall be construed to prevent the Issuer from (i) paying all or any part of the Operation and Maintenance Expenses from any funds available to the Issuer for such purpose, (ii) depositing any funds available to the Issuer for such purpose in any account in the Bond Fund for the payment of the interest on, premium, if any, or the principal of any Bonds issued under provisions hereof or for the redemption of any such Bonds, or (iii) depositing any funds available to the Issuer for such purpose in the Reserve Instrument Fund for the payment of any amounts payable under any applicable Reserve Instrument Agreement.

Section 6.11 Payment of Taxes and Other Charges. The Issuer covenants that all taxes and assessments or other municipal or governmental charges lawfully levied or assessed upon the System or upon any part thereof or upon any income therefrom will be paid when the same shall become due, that no lien or charge upon the System or any part thereof or upon any Revenues thereof, except for the lien and charge thereon created hereunder and securing the Bonds, will be created or permitted to be created ranking equally with or prior to the Bonds (except for the lien of the parity lien thereon of Additional Bonds issued from time to time hereunder and under

Supplemental Indentures hereto), and that all lawful claims and demands for labor, materials, supplies or other objects which, if unpaid, might by law become a lien upon the System or any part thereof or upon the Revenues thereof will be paid or discharged, or adequate provision will be made for the payment or discharge of such claims and demands within 60 days after the same shall accrue; provided, however, that nothing in this Section 6.11 shall require any such lien or charge to be paid or discharged or provision made therefor so long as the validity of such lien or charge shall be contested in good faith and by appropriate legal proceedings.

Section 6.12 Insurance. The Issuer, in its operation of the System, will self-insure or carry insurance, including, but not limited to, workmen's compensation insurance and public liability insurance, in such amounts and to such extent as is normally carried by others operating public utilities of the same type. The cost of such insurance shall be considered an Operation and Maintenance Expense of the System. In the event of loss or damage, insurance proceeds shall be used first for the purpose of restoring or replacing the property lost or damaged. Any remainder shall be paid into the Bond Fund.

Section 6.13 Instruments of Further Assurance. The Issuer and the Trustee mutually covenant that they will, from time to time, each upon the written request of the other, or upon the request of a Security Instrument Issuer or a Reserve Instrument Provider, execute and deliver such further instruments and take or cause to be taken such further actions as may be reasonable and as may be required by the other to carry out the purposes hereof; provided, however, that no such instruments or action shall involve any personal liability of the Trustee or members of the governing body of the Issuer or any official thereof.

Section 6.14 Covenant Not to Sell. The Issuer will not sell, lease, mortgage, encumber, or in any manner dispose of the System or any substantial part thereof, including any and all extensions and additions that may be made thereto, until all principal of and interest on the Bonds, and all Repayment Obligations, have been paid in full, except as follows:

(a) The Issuer may sell any portion of said property which shall have been replaced by other property of like kind and of at least equal value. The Issuer may sell, lease, abandon, mortgage, or otherwise dispose of any portion of the property which shall cease to be necessary for the efficient operation of the System the disposition of which will not, as reasonably determined by the governing body of the Issuer, result in a material reduction in Net Revenues in any year; and the value of which, as reasonably determined by the governing body of the Issuer (together with any other property similarly disposed of within the 12 calendar months preceding the proposed disposition) does not exceed 10% of the value of the System assets, provided, however, that in the event of any sale or lease as aforesaid, the proceeds of such sale or lease not needed to acquire other System property shall be paid into the Bond Fund.

(b) The Issuer may lease or make contracts or grant licenses for the operation of, or make arrangements for the use of, or grant easements or other rights with respect to, any part of the System, provided that any such lease, contract, license, arrangement, easement or right does not impede the operation of the System; and any payment received by the Issuer under or in connection with any such lease, contract, license, arrangement, easement or right in respect of the System or any part thereof shall constitute Revenues.

Section 6.15 Billing Procedure. The Issuer shall submit a monthly billing for services rendered to persons who are liable for the payment of charges for such services, shall require that each such bill be paid in full as a unit, and refuse to permit payment of a portion without payment of the remainder. Any bill not paid within sixty (60) days from the date it is mailed to the customer shall be deemed delinquent. The Issuer hereby agrees that if any bill remains delinquent for more than sixty (60) days and has an outstanding balance of at least \$40, it will initiate proceedings to cause all water service to the user concerned to be cut off immediately.

Section 6.16 Annual Budget. Prior to the beginning of each Fiscal Year the Issuer shall prepare and adopt a budget for the System for the next ensuing Fiscal Year. At the end of the first six months of each Fiscal Year, the Issuer shall review its budget for such Fiscal Year, and in the event actual Revenues, Operation and Maintenance Expenses or other requirements do not substantially correspond with such budget, the Issuer shall prepare an amended budget for the remainder of such Fiscal Year. The Issuer also may adopt at any time an amended budget for the remainder of the then current Fiscal Year.

## ARTICLE VII EVENTS OF DEFAULT; REMEDIES

Section 7.1 Events of Default. Each of the following events is hereby declared an "Event of Default":

(a) if payment of any installment of interest on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, or

(b) if payment of the principal of or the redemption premium, if any, on any of the Bonds shall not be made by or on behalf of the Issuer when the same shall become due and payable, either at maturity or by proceedings for redemption in advance of maturity or through failure to fulfill any payment to any fund hereunder or otherwise; or

(c) if the Issuer shall, in the reasonable opinion of any Registered Owner of not less than 50% in aggregate principal amount of the Bonds then Outstanding hereunder, for any reason be rendered incapable of fulfilling its obligations hereunder; or

(d) if an order or decree shall be entered, with the consent or acquiescence of the Issuer, appointing a receiver or custodian for any of the Revenues of the Issuer, or approving a petition filed against the Issuer seeking reorganization of the Issuer under the federal bankruptcy laws or any other similar law or statute of the United States of America or any state thereof, or if any such order or decree, having been entered without the consent or acquiescence of the Issuer shall not be vacated or discharged or stayed on appeal within 30 days after the entry thereof; or

(e) if any proceeding shall be instituted, with the consent or acquiescence of the Issuer, for the purpose of effecting a composition between the Issuer and its creditors or for the purpose of adjusting the claims of such creditors pursuant to any federal or state statute now or hereafter enacted, if the claims of such creditors are or may be under any circumstances payable from Revenues; or

(f) if (i) the Issuer is adjudged insolvent by a court of competent jurisdiction, or (ii) an order, judgment or decree be entered by any court of competent jurisdiction appointing, without the consent of the Issuer, a receiver, trustee or custodian of the Issuer or of the whole or any part of the Issuer's property and any of the aforesaid adjudications, orders, judgments or decrees shall not be vacated or set aside or stayed within 60 days from the date of entry thereof; or

(g) if the Issuer shall file a petition or answer seeking reorganization, relief or any arrangement under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof; or

(h) if, under the provisions of any other law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of the Issuer or of the whole or any substantial part of the property of the Issuer, and such custody or control shall not be terminated within 30 days from the date of assumption of such custody or control; or

(i) if the Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds, or herein or any Supplemental Indenture hereof on the part of the Issuer to be performed, other than as set forth above in this Section 7.1, and such Default shall continue for 30 days after written notice specifying such Event of Default and requiring the same to be remedied shall have been given to the Issuer by the Trustee, which may give such notice in its discretion and shall give such notice at the written request of the Registered Owners of not less than 25% in aggregate Principal amount of the Bonds then Outstanding hereunder; or

(j) any event specified in a Supplemental Indenture as constituting an Event of Default.

Section 7.2 Remedies; Rights of Registered Owners. Upon the occurrence of an Event of Default, the Trustee, upon being indemnified pursuant to Section 8.1 hereof, may pursue any available remedy by suit at law or in equity to enforce the payment of the principal of, premium, if any, and interest on the Bonds then Outstanding or to enforce any obligations of the Issuer hereunder.

If an Event of Default shall have occurred, and if requested so to do by (i) Registered Owners of not less than 25% in aggregate Principal amount of the Bonds then Outstanding, (ii) Security Instrument Issuers at that time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 25% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 25% in aggregate Principal amount of Bonds at the time Outstanding, and if indemnified as provided in Section 8.1 hereof, the Trustee shall be obligated to exercise such one or more of the rights and powers conferred by this Section 7.2 as the Trustee, being advised by counsel, shall deem most expedient in the interest of the Registered Owners and the Security Instrument Issuers.

No remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners or to the Security Instrument Issuers) is intended to be exclusive of any other

remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given to the Trustee, the Registered Owners or the Security Instrument Issuers or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners or the Security Instrument Issuers, shall extend to or shall affect any subsequent Event of Default or shall impair any rights or remedies consequent thereon.

Section 7.3 Right of Registered Owners to Direct Proceedings. Anything herein to the contrary notwithstanding, unless a Supplemental Indenture provides otherwise, either (i) the Registered Owners of a majority in aggregate Principal amount of the Bonds then Outstanding, (ii) the Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding, or (iii) any combination of Registered Owners and Security Instrument Issuers described in (i) and (ii) above representing not less than 50% in aggregate Principal amount of Bonds at the time Outstanding, shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions of law and of this Indenture.

Section 7.4 Application of Moneys. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of Trustee's fees and expenses including the fees and expenses of its counsel for the proceedings resulting in the collection of such moneys and of the expenses and liabilities and advances incurred or made by the Trustee and any other outstanding fees and expenses of the Trustee relating to its duties under this Indenture, be deposited in the Bond Fund and all moneys so deposited in the Bond Fund shall be applied in the following order:

(a) To the payment of the principal of, premium, if any, and interest then due and payable on the Bonds and the Security Instrument Repayment Obligations as follows:

(i) Unless the Principal of all the Bonds shall have become due and payable, all such moneys shall be applied:

FIRST—To the payment to the persons entitled thereto of all installments of interest then due on the Bonds and the interest component of any Security Instrument Repayment Obligations then due, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND—To the payment to the persons entitled thereto of the unpaid Principal of and premium, if any, on the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions hereof), in the order of their due dates, and the Principal component of any Security Instrument Repayment Obligations then due, and, if the amount available shall not be sufficient to pay in full all the Bonds and the Principal component of any Security Instrument Repayment Obligations due on any particular date, then to the payment ratably, according to the amount of Principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(ii) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the Principal and interest then due and unpaid upon the Bonds and Security Instrument Repayment Obligations, without preference or priority of Principal over interest or of interest over Principal, or of any installment of interest over any other installment of interest, or of any Bond or Security Instrument Repayment Obligation over any other Bond or Security Instrument Repayment Obligation, ratably, according to the amounts due respectively for Principal and interest, to the persons entitled thereto without any discrimination or privilege.

(iii) To the payment of all obligations owed to all Reserve Instrument Providers, ratably, according to the amounts due without any discrimination or preference under any applicable agreement related to any Reserve Instrument Agreement.

Whenever moneys are to be applied pursuant to the provisions of this Section 7.4, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amounts of such moneys available for such application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amounts of principal paid on such dates shall cease to accrue.

Section 7.5 Remedies Vested in Trustee. All rights of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings related thereto and any such suit or proceedings instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Outstanding Bonds.

Section 7.6 Rights and Remedies of Registered Owners. Except as provided in the last sentence of this Section 7.6, no Registered Owner of any Bond or Security Instrument Issuer shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof or for the execution of any trust thereof or for the appointment of a receiver or any other remedy hereunder, unless an Event of Default has occurred of which the Trustee has been notified as provided in Section 8.1(g), or of which by said Section it is deemed to have notice, nor unless also Registered Owners of 25% in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and

effect and are not in default on any payment obligation and which secure not less than 25% in aggregate principal amount of Bonds at the time Outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, nor unless also they have offered to the Trustee indemnity as provided in Section 8.1 hereof nor unless the Trustee shall thereafter fail or refuse to exercise the powers hereinabove granted, or to institute such action, suit or proceeding in its own name or names. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trust hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more Registered Owner of the Bonds or Security Instrument Issuer shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds then Outstanding and all Security Instrument Issuers at the time providing Security Instruments. Nothing herein contained shall, however, affect or impair the right of any Registered Owner or Security Instrument Issuer to enforce the covenants of the Issuer to pay the principal of, premium, if any, and interest on each of the Bonds issued hereunder held by such Registered Owner and Security Instrument Repayment Obligations at the time, place, from the source and in the manner in said Bonds or Security Instrument Repayment Obligations expressed.

Section 7.7 Termination of Proceedings. In case the Trustee, any Registered Owner or any Security Instrument Issuer shall have proceeded to enforce any right hereunder by the appointment of a receiver, or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, the Registered Owner, or Security Instrument Issuer, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

Section 7.8 Waivers of Events of Default. Subject to Section 8.1(g) hereof, the Trustee may in its discretion, waive any Event of Default hereunder and its consequences and shall do so upon the written request of the Registered Owners of (a) a majority in aggregate Principal amount of all the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in respect of which an Event of Default in the payment of principal and interest exist, or (b) a majority in aggregate principal amount of the Bonds then Outstanding or Security Instrument Issuers at the time providing Security Instruments which are in full force and effect and are not in default on any payment obligation and which secure not less than 50% in aggregate Principal amount of Bonds at the time Outstanding in the case of any other Event of Default; provided, however, that there shall not be waived (i) any default in the payment of the principal of any Bonds at the date that a Principal Installment is due, or (ii) any default in the payment when due of the interest on any such Bonds, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest and all arrears of payments of principal and premium, if any, when due and all expenses of the Trustee, in connection with

such Event of Default shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee, the Registered Owners and the Security Instrument Issuers shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon.

Section 7.9 Cooperation of Issuer. In the case of any Event of Default hereunder, the Issuer shall cooperate with the Trustee and use its best efforts to protect the Registered Owners, Reserve Instrument Providers and the Security Instrument Issuers.

#### ARTICLE VIII THE TRUSTEE

Section 8.1 Acceptance of the Trusts. The Trustee accepts the trusts imposed upon it hereby, and agrees to perform such duties and only such duties as are specifically set forth in this Indenture and no implied covenants or obligations shall be read into this Indenture against the Trustee.

(a) The Trustee may execute any of the trusts or powers thereof and perform any of its duties by or through attorneys, agents, receivers or employees and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care and shall be entitled to advice of counsel concerning all matters of trusts hereof and the duties hereunder, and may in all cases pay such reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of counsel. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(b) The Trustee shall not be responsible for any recital herein, or in the Bonds (except in respect to the certificate of the Trustee endorsed on the Bonds), or collecting any insurance moneys, or for the validity of the execution by the Issuer of this Indenture or of any supplements thereto or instruments of further assurance, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby; and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Issuer; but the Trustee may require of the Issuer full information and advice as to the performance of the covenants, conditions and agreements aforesaid and as to the condition of the property herein conveyed. The Trustee shall not be responsible or liable for any loss suffered in connection with any investment of funds made by it in accordance with the provisions hereof. The Trustee shall have no responsibility with respect to any information, statement or recital in any offering memorandum or other disclosure material prepared or distributed with respect to the Bonds.

(c) The Trustee shall not be accountable for the use of any Bonds authenticated or delivered hereunder, except as specifically set forth herein. The Trustee may become the owner of Bonds secured hereby with the same rights which it would have if not Trustee.

(d) The Trustee shall be protected in acting upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper person or persons. Any action taken by the Trustee pursuant hereto upon the request or authority or consent of any person who at the time of making such request or giving such authority or consent is the Registered Owner of any Bond, shall be conclusive and binding upon all future Owners of the same Bond and upon Bonds issued in exchange therefor or in place thereof.

(e) As to the existence or nonexistence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate signed on behalf of the Issuer by an Authorized Representative as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in Section 8.1(g) herein, or of which by said Paragraph it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of an Authorized Representative of the Issuer under its seal to the effect that a resolution in the form therein set forth has been adopted by the Issuer as conclusive evidence that such resolution has been duly adopted, and is in full force and effect.

(f) The permissive right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(g) The Trustee shall not be required to take notice or be deemed to have notice of any Event of Default hereunder, except an Event of Default described in Section 7.1(a) or (b), unless the Trustee shall be specifically notified in writing of such Default by the Issuer, a Security Instrument Issuer or by the Registered Owners of at least 25% in the aggregate principal amount of any Series of the Bonds then Outstanding and all notices or other instruments required hereby to be delivered to the Trustee must, in order to be effective, be delivered at the Corporate Trust Office of the Trustee, and in the absence of such notice so delivered, the Trustee may conclusively assume there is no Event of Default except as aforesaid.

(h) At any and all reasonable times and upon reasonable prior written notice, the Trustee, and its duly authorized agents, attorneys, experts, engineers, accountants and representatives, shall have the right fully to inspect all books, papers and records of the Issuer pertaining to the Bonds, and to take such memoranda from and in regard thereto as may be desired.

(i) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(j) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Bonds, the withdrawal of any cash, the release of any property, or any action whatsoever



within the purview hereof, any showing, certificates, opinions, appraisals, or other information, or corporate action or evidence thereof, in addition to that by the terms hereof required as a condition of such action by the Trustee, deemed desirable for the authentication of any Bonds, the withdrawal of any cash, or the taking of any other action by the Trustee.

(k) All moneys received by the Trustee or any Paying Agent shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required by law. Neither the Trustee nor any Paying Agent shall be under any liability for interest on any moneys received hereunder except such as may be agreed upon.

(l) If any Event of Default hereunder shall have occurred and be continuing, the Trustee shall exercise such of the rights and powers vested in it hereby and shall use the same degree of care as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

(m) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request, order or direction of any of the Registered Owners, Security Instrument Issuers or Reserve Instrument Providers, pursuant to the provisions of this Indenture, unless such Registered Owners, Security Instrument Issuers or Reserve Instrument Providers shall have offered to the Trustee security or indemnity acceptable to the Trustee against the costs, expenses and liabilities which may be incurred therein or thereby.

(n) The Trustee shall not be required to expend, advance, or risk its own funds or incur any financial liability in the performance of its duties or in the exercise of any of its rights or powers.

Section 8.2 Fees, Charges and Expenses of Trustee. The Trustee shall be entitled to payment and/or reimbursement for reasonable fees for its services rendered as Trustee hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with such services. The Trustee shall be entitled to payment and reimbursement for the reasonable fees and charges of the Trustee as Paying Agent and Registrar for the Bonds as hereinabove provided. Upon an Event of Default, but only upon an Event of Default, the Trustee shall have a right of payment prior to payment on account of interest or principal of, or premium, if any, on any Bond for the foregoing advances, fees, costs and expenses incurred. The Trustee's rights under this Section 8.2 will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

Section 8.3 Notice to Registered Owners if Event of Default Occurs. If an Event of Default occurs of which the Trustee is by Section 8.1(g) hereof required to take notice or if notice of an Event of Default be given to the Trustee as in said Section provided, then the Trustee shall give written notice thereof by registered or certified mail or sent by facsimile to all Security Instrument Issuers or to Registered Owners of all Bonds then Outstanding shown on the registration books of the Bonds kept by the Trustee as Registrar for the Bonds, as applicable.

Section 8.4 Intervention by Trustee. In any judicial proceeding to which the Issuer is a party and which in the opinion of the Trustee and its counsel has a substantial bearing on the interest of Registered Owners of the Bonds, the Trustee may intervene on behalf of such Owners and shall do so if requested in writing by the Registered Owners of at least 25% in aggregate principal amount of the Bonds then Outstanding. The rights and obligations of the Trustee under this Section 8.4 are subject to the approval of a court of competent jurisdiction.

Section 8.5 Successor Trustee. Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its corporate trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all of the title to the whole property or trust estate and all the trusts, powers, discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed of conveyance on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

Section 8.6 Resignation by the Trustee. The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice to the Issuer, served personally or by registered or certified mail, and by registered or certified mail to each Reserve Instrument Issuer, Security Instrument Issuer and Registered Owner of Bonds then Outstanding, and such resignation shall take effect upon the appointment of and acceptance by a successor Trustee by the Registered Owners or by the Issuer as provided in Section 8.8 hereof; provided, however that if no successor Trustee has been appointed within 60 days of the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee, and such court may thereupon, after such notice, if any, as it deems proper and prescribes, appoint a successor Trustee.

Section 8.7 Removal of the Trustee. The Trustee may be removed at any time, by an instrument or concurrent instruments (i) in writing delivered to the Trustee, and signed by the Issuer, unless there exists any Event of Default, or (ii) in writing delivered to the Trustee and the Issuer, and signed by the Registered Owners of a majority in aggregate Principal amount of Bonds then Outstanding if an Event of Default exists; provided that such instrument or instruments concurrently appoint a successor Trustee meeting the qualifications set forth herein.

Section 8.8 Appointment of Successor Trustee; Temporary Trustee. In case the Trustee hereunder shall resign or be removed, or be dissolved, or shall be in course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case it shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the Issuer (or, if an Event of Default exists, by the Registered Owners of a majority in aggregate principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing signed by such Owners, or by their attorneys in fact, duly authorized; provided, nevertheless, that in case of such vacancy the Issuer by an instrument executed by an Authorized Representative under its seal, may appoint a temporary Trustee to fill such vacancy until a successor Trustee shall be appointed by the Registered Owners in the manner above provided; and any such temporary Trustee so appointed by the Issuer shall immediately and without further act be superseded by the Trustee so appointed by such Registered Owners). Every

successor Trustee appointed pursuant to the provisions of this Section 8.8 or otherwise shall be a trust company or bank in good standing having a reported capital and surplus of not less than \$50,000,000.

Each Reserve Instrument Provider and Security Instrument Issuer shall be notified by the Issuer immediately upon the resignation or termination of the Trustee and provided with a list of candidates for the office of successor Trustee.

**Section 8.9 Concerning Any Successor Trustee.** Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Issuer an instrument in writing accepting such appointment hereunder, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Issuer, or of the successor Trustee, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such successor the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor, any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Issuer. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this Article VIII shall be filed or recorded by the successor Trustee in each recording office, if any, where the Indenture shall have been filed and/or recorded.

**Section 8.10 Trustee Protected in Relying Upon Indenture, Etc.** The indentures, opinions, certificates and other instruments provided for herein may be accepted by the Trustee as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for the release of property and the withdrawal of cash hereunder.

**Section 8.11 Successor Trustee as Trustee, Paying Agent and Bond Registrar.** In the event of a change in the office of Trustee, the predecessor Trustee which has resigned or been removed shall cease to be Trustee hereunder and Registrar for the Bonds and Paying Agent for principal of, premium, if any, and interest on the Bonds, and the successor Trustee shall become such Trustee, Registrar and Paying Agent for the Bonds.

**Section 8.12 Trust Estate May Be Vested in Separate or Co-Trustee.** It is the purpose of this Indenture that there shall be no violation of any law of any jurisdiction (including particularly the laws of the State) denying or restricting the right of banking corporations or associations to transact business as Trustee in such jurisdiction. It is recognized that in case of litigation hereunder, and in particular in case of the enforcement of remedies on Event of Default, or in case the Trustee deems that by reason of any present or future law of any jurisdiction it may not exercise any of the powers, rights, or remedies herein granted to the Trustee or hold title to the trust estate, as herein granted, or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Trustee appoint an additional individual or institution as a separate or co-trustee. The following provisions of this Section 8.12 are adapted to these ends.

In the event that the Trustee appoints an additional individual or institution as a separate or co-trustee, each and every remedy, power, right, claim, demand, cause of action, immunity, estate, title, interest and lien expressed or intended hereby to be exercised by or vested in or conveyed to the Trustee with respect thereto shall be exercisable by and vested in such separate or co-trustee, but only to the extent necessary to enable the separate or co-trustee to exercise such powers, rights and remedies, and every covenant and obligation necessary to the exercise thereof by such separate or co-trustee shall run to and be enforceable by either of them.

Should any deed, conveyance or instrument in writing from the Issuer be required by the separate trustee or co-trustee so appointed by the Trustee for more fully and certainly vesting in and confirming to it such properties, rights, powers, trusts, duties and obligations, any and all such deeds, conveyances and instruments in writing shall, on request of such trustee or co-trustee, be executed, acknowledged and delivered by the Issuer. In case any separate trustee or co-trustee, or a successor to either, shall die, become incapable of acting, resign or be removed, all the estates, properties, rights, powers, trusts, duties and obligations of such separate trustee or co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment of a new trustee or successor to such separate trustee or co-trustee.

**Section 8.13 Annual Accounting.** The Trustee shall prepare an annual accounting for each Bond Fund Year by the end of the month following each such Bond Fund Year showing in reasonable detail all financial transactions relating to the funds and accounts held by the Trustee hereunder during the accounting period and the balance in any funds or accounts created hereby as of the beginning and close of such accounting period, and shall mail the same to the Issuer, and to each Reserve Instrument Provider requesting the same. On or before the end of the month following each Bond Fund Year, the Trustee shall, upon written request, provide to the Issuer and the Issuer's independent auditor representations as to the accuracy of the facts contained in the financial reports concerning the transactions described herein that were delivered by the Trustee during the Bond Fund Year just ended.

**Section 8.14 Indemnification.** To the extent permitted by law and subject to the provisions of Section 8.1(a) of this Indenture, the Issuer shall indemnify and save Trustee harmless against any liabilities it may incur in the exercise and performance of its powers and duties hereunder, other than those due to its own negligence or willful misconduct. The indemnification provided to the Trustee under this Section 8.14 will not terminate upon its resignation or removal or upon payment of the Bonds and discharge of the Indenture.

**Section 8.15 Trustee's Right to Own and Deal in Bonds.** The bank or trust company acting as Trustee under this Indenture, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds issued hereunder and secured by this Indenture, and may join in any action which any Bondholder may be entitled to take with like effect as if such bank or trust company were not the Trustee under this Indenture.

**Section 8.16 Direct Payment Authorization.** The Issuer hereby authorizes and directs the Trustee to take all necessary actions, if applicable, to effectively carry out the duties required to apply for and accept Direct Payments from the Internal Revenue Service on behalf of the Issuer under Sections 54AA and 6431 of the Code or such other tax provisions of substantially similar nature which may be hereafter authorized, including, but not limited to, filing and signing IRS

Form 8038-CP, receiving the Direct Payment on the Issuer's behalf, and using such Direct Payment to pay Debt Service on the Bonds. For fixed rate bonds, the Trustee shall file the 8038-CP at least 60 days (but not more than 90 days) before the relevant Interest Payment Date (unless otherwise directed by a change in regulations). For variable rate bonds, the Trustee shall file the 8038-CP for reimbursements in arrears within 25 days after the last Interest Payment Date within the quarterly period for which reimbursement is being requested (unless otherwise directed by a change in regulations). The Issuer hereby covenants that it will deposit the Direct Payments with the Trustee for use in paying Debt Service on the Bonds.

## ARTICLE IX SUPPLEMENTAL INDENTURES

Section 9.1 Supplemental Indentures Not Requiring Consent of Registered Owners, Security Instrument Issuers and Reserve Instrument Providers. The Issuer and the Trustee may, without the consent of, or notice to, any of the Registered Owners, Reserve Instrument Providers or Security Instrument Issuers, enter into an indenture or indentures supplemental hereto, as shall not be inconsistent with the terms and provisions hereof, for any one or more of the following purposes:

- (a) To provide for the issuance of Additional Bonds in accordance with the provisions of Section 2.13 hereof;
- (b) To cure any ambiguity or formal defect or omission herein;
- (c) To grant to or confer upon the Trustee for the benefit of the Registered Owners, any Security Instrument Issuers and any Reserve Instrument Providers any additional rights, remedies, powers or authority that may lawfully be granted to or conferred upon the Registered Owners or any of them which shall not adversely affect the interests of any Reserve Instrument Providers or Security Instrument Issuers without its consent;
- (d) To subject to this Indenture additional Revenues or other revenues, properties, collateral or security;
- (e) To provide for the issuance of the Bonds pursuant to a book-entry system or as uncertificated registered public obligations pursuant to the provisions of the Registered Public Obligations Act, Title 15, Chapter 7 of the Utah Code, or any successor provisions of law;
- (f) To make any change which shall not materially adversely affect (determined as if there were no Security Instrument in place) the rights or interests of the Owners of any Outstanding Bonds, any Security Instrument Issuers or any Reserve Instrument Provider, requested or approved by a Rating Agency in order to obtain or maintain any rating on the Bonds or requested or approved by a Security Instrument Issuer or Reserve Instrument Provider in order to insure or provide other security for any Bonds;
- (g) To make any change necessary (A) to establish or maintain the excludability from gross income for federal income tax purposes of interest on any Series of Bonds as a

result of any modifications or amendments to Section 148 of the Code or interpretations by the Internal Revenue Service of Section 148 of the Code or of regulations proposed or promulgated thereunder, or (B) to comply with the provisions of Section 148(f) of the Code, including provisions for the payment of all or a portion of the investment earnings of any of the Funds established hereunder to the United States of America or (C) to establish or maintain the Direct Payments related to any Series of Bonds;

(h) If the Bonds affected by any change are rated by a Rating Agency, to make any change which does not result in a reduction of the rating applicable to any of the Bonds so affected, provided that if any of the Bonds so affected are secured by a Security Instrument, such change must be approved in writing by the related Security Instrument Issuer;

(i) If the Bonds affected by any change are secured by a Security Instrument, to make any change approved in writing by the related Security Instrument Issuer, provided that if any of the Bonds so affected are rated by a Rating Agency, such change shall not result in a reduction of the rating applicable to any of the Bonds so affected;

(j) Unless otherwise provided by a Supplemental Indenture authorizing a Series of Bonds, the designation of the facilities to constitute a Project by such Supplemental Indenture may be modified or amended if the Issuer delivers to the Trustee (1) a Supplemental Indenture designating the facilities to comprise the Project, (2) an opinion of Bond Counsel to the effect that such amendment will not adversely affect the tax-exempt status (if applicable) or validity of the Bonds and (3) a certificate of the Issuer to the effect that such amendment will not adversely affect the Issuer's ability to comply with the provisions of the Indenture; and

(k) To correct any references contained herein to provisions of the Act, the Code or other applicable provisions of law that have been amended so that the references herein are correct.

Section 9.2 Supplemental Indentures Requiring Consent of Registered Owners and Reserve Instrument Providers; Waivers and Consents by Registered Owners. Exclusive of Supplemental Indentures covered by Section 9.1 hereof and subject to the terms and provisions contained in this Section 9.2, and not otherwise, the Registered Owners of 66 2/3% in aggregate Principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to (i) consent to and approve the execution by the Issuer and the Trustee of such other indenture or indentures supplemental hereto as shall be deemed necessary and desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein or in any Supplemental Indenture, or (ii) waive or consent to the taking by the Issuer of any action prohibited, or the omission by the Issuer of the taking of any action required, by any of the provisions hereof or of any indenture supplemental hereto; provided, however, that nothing in this Section 9.2 contained shall permit or be construed as permitting (a) an extension of the date that a Principal Installment is due at maturity or mandatory redemption or reduction in the principal amount of, or reduction in the rate of or extension of the time of paying of interest on, or reduction of any premium payable on the redemption of, any Bond, without the consent of the Registered

Owner of such Bond, or (b) a reduction in the amount or extension of the time of any payment required by any Fund established hereunder applicable to any Bonds without the consent of the Registered Owners of all the Bonds which would be affected by the action to be taken, or (c) a reduction in the aforesaid aggregate principal amount of Bonds, the Registered Owners of which are required to consent to any such waiver or Supplemental Indenture, or (d) affect the rights of the Registered Owners of less than all Bonds then outstanding, without the consent of the Registered Owners of all the Bonds at the time Outstanding which would be affected by the action to be taken. In addition, no supplement hereto shall modify the rights, duties or immunities of the Trustee, without the written consent of the Trustee. If a Security Instrument or a Reserve Instrument is in effect with respect to any Series of Bonds Outstanding and if a proposed modification or amendment would affect such Series of Bonds, then, except as provided in Section 9.1 hereof, neither this Indenture nor any Supplemental Indenture with respect to such Series of Bonds shall be modified or amended at any time without the prior written consent of the related Security Instrument Issuer or Reserve Instrument Provider, as applicable.

If at any time the Issuer shall request the Trustee to enter into any such Supplemental Indenture for any of the purposes of this Section 9.2, the Trustee, shall, upon being satisfactorily indemnified with respect to expenses, cause notice of the proposed execution of such Supplemental Indenture to be given by registered or certified mail to the Bondholder of each Bond shown by the list of Bondholders required by the terms of Section 2.6 hereof to be kept at the office of the Trustee. Such notices shall briefly set forth the nature of the proposed Supplemental Indenture and shall state that copies thereof are on file at the Corporate Trust Office of the Trustee for inspection by all Bondholders. At the time such notices are mailed by the Trustee, the Issuer may, but is not required to, designate a reasonable time period for receipt of such consents and shall include such requirement in the notices sent to the Bondholders. If the Bondholders of not less than 66 2/3% in aggregate principal amount of the Bonds Outstanding at the time of the execution of any such Supplemental Indenture shall have consented to and approved the execution thereof as herein provided, no holder of any Bond shall have any right to object to any of the terms and provisions contained therein, or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Trustee or the Issuer from executing the same or from taking any action pursuant to the provisions thereof. Upon the execution of any such Supplemental Indenture as is in this Article IX permitted and provided, the Indenture shall be and be deemed to be modified and amended in accordance therewith.

Section 9.3 Opinion of Counsel as to Supplemental Indenture. In executing any Supplemental Indenture, the Trustee shall receive and will be fully protected in conclusively relying upon an opinion of counsel stating that the execution of such Supplemental Indenture is authorized or permitted by this Indenture and is the legal, valid and binding obligation of the Issuer, enforceable against it in accordance with its terms.

## ARTICLE X DISCHARGE OF INDENTURE

If the Issuer shall pay or cause to be paid, or there shall be otherwise paid or provision for payment made, to or for the Registered Owners of the Bonds, the principal of and interest due or to become due thereon at the times and in the manner stipulated therein, and shall pay or cause to be paid to the Trustee all sums of moneys due or to become due according to the provisions hereof, and to all Security Instrument Issuers and all Reserve Instrument Providers all sums of money due or to become due according to the provisions of any Security Instrument Agreements, Reserve Instrument Agreements, as applicable, then these presents and the estate and rights hereby granted shall cease, terminate and be void, whereupon the Trustee shall cancel and discharge the lien hereof, and release, assign and deliver unto the Issuer any and all the estate, right, title and interest in and to any and all rights assigned or pledged to the Trustee, held by the Trustee, or otherwise subject to the lien hereof, except moneys or securities held by the Trustee for the payment of the principal of and interest on the Bonds, the payment of amounts pursuant to any Security Instrument Agreements or the payment of amounts pursuant to any Reserve Instrument Agreements.

Any Bond shall be deemed to be paid within the meaning of this Article X when payment of the principal of such Bond, plus interest thereon to the due date thereof (whether such due date be by reason of maturity or upon redemption as provided herein, or otherwise), either (a) shall have been made or caused to have been made in accordance with the terms thereof, or (b) shall have been provided by irrevocably depositing with or for the benefit of the Trustee, in trust and irrevocably setting aside exclusively for such payment, (i) moneys sufficient to make such payment, or (ii) Direct Obligations, maturing as to principal and interest in such amount and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Trustee and any paying agent pertaining to the Bond with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee. At such times as a Bond shall be deemed to be paid hereunder, as aforesaid, it shall no longer be secured by or entitled to the benefits hereof, except for the purposes of any such payment from such moneys or Direct Obligations.

Any discharge of the lien of the Indenture shall also be subject to any applicable terms of a related Supplemental Indenture.

Notwithstanding the foregoing, in the case of Bonds, which by their terms may be redeemed prior to their stated maturity, no deposit under the immediately preceding Paragraph shall be deemed a payment of such Bonds as aforesaid until the Issuer shall have given the Trustee, in form satisfactory to the Trustee, irrevocable instructions:

- (a) stating the date when the principal of each such Bond is to be paid, whether at maturity or on a redemption date (which shall be any redemption date permitted hereby);
- (b) directing the Trustee to call for redemption pursuant hereto any Bonds to be redeemed prior to maturity pursuant to the provisions of this Indenture; and
- (c) if the Bonds to be redeemed will not be redeemed within 90 days of such deposit, directing the Trustee to mail, as soon as practicable, in the manner prescribed by

Article II hereof, a notice to the Registered Owners of such Bonds and to each related Security Instrument Issuer that the deposit required by this Article X has been made with the Trustee and that such Bonds are deemed to have been paid in accordance with this Article X and stating the maturity or redemption date upon which moneys are to be available for the payment of the principal or redemption price, if applicable, on said Bonds as specified in Subparagraph (a) above.

Any moneys so deposited with the Trustee as provided in this Article X may at the direction of the Issuer also be invested and reinvested in Direct Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Direct Obligations in the hands of the Trustee pursuant to this Article X which is not required for the payment of the Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in that fund; provided, however, that before any excess moneys shall be deposited in the Bond Fund, the Trustee shall first obtain a written verification from a certified public accountant that the moneys remaining on deposit with the Trustee and invested in Direct Obligations after such transfer to the Bond Fund shall be sufficient in amount to pay principal and interest on the Bonds when due and payable.

Notwithstanding any provision of any other Article hereof which may be contrary to the provisions of this Article X, all moneys or Direct Obligations set aside and held in trust pursuant to the provisions of this Article X for the payment of Bonds (including interest thereon) shall be applied to and used solely for the payment of the particular Bonds (including interest thereon) with respect to which such moneys or Direct Obligations have been so set aside in trust.

Anything in Article IX hereof to the contrary notwithstanding, if moneys or Direct Obligations have been deposited or set aside with the Trustee pursuant to this Article X for the payment of Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article X shall be made without the consent of the Registered Owner of each Bond affected thereby.

#### ARTICLE XI MISCELLANEOUS

Section 11.1 Consents, Etc., of Registered Owners. Any consent, request, direction, approval, objection or other instrument required hereby to be executed by the Registered Owners, Security Instrument Issuers or Reserve Instrument Providers may be in any number of concurrent writings of similar tenor and may be executed by such Registered Owners, Security Instrument Issuers or Reserve Instrument Providers in person or by agent appointed in writing. Proof of the execution of any such consent, request, direction, approval, objection or other instrument or of the writing appointing any such agent, if made in the following manner, shall be sufficient for any of the purposes hereof, and shall be conclusive in favor of the Trustee with regard to any action taken under such request or other instrument, namely, the fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by affidavit of any witness to such execution. The amount of Bonds held by any person executing such instrument as a Registered Owner of

Bonds and the fact, amount and numbers of the Bonds held by such person and the date of his holding the same shall be proved by the registration books of the Trustee.

Section 11.2 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Indenture or the Bonds is intended or shall be construed to give to any person other than the parties hereto, the Registered Owners of the Bonds, any Security Instrument Issuer and any Reserve Instrument Provider, any legal or equitable right, remedy or claim under or in respect hereto or any covenants, conditions and provisions herein contained, this Indenture and all of the covenants, conditions and provisions hereof being intended to be and being for the sole and exclusive benefit of the parties hereto, the Registered Owners of the Bonds, any Security Instrument Issuer and the Reserve Instrument Providers as herein provided.

Section 11.3 Severability. If any provision hereof shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or in all jurisdictions, or in all cases because it conflicts with any other provision or provisions hereof or any constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative, or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or Sections herein contained, shall not affect the remaining portions hereof, or any part thereof.

Section 11.4 Notices. It shall be sufficient service of any notice, request, complaint, demand or other paper on the Issuer if the same shall be duly mailed by registered or certified mail or sent by facsimile addressed to it at 1600 West Towne Center, South Jordan, Utah 84095, Attention: Mayor, or to such address as the Issuer may from time to time file with the Trustee. It shall be sufficient service of any notice or other paper on the Trustee if the same shall be duly mailed by registered or certified mail or sent by facsimile addressed to it at U.S. Bank Trust Company, National Association, 170 South Main Street, Suite 200, Salt Lake City, Utah 84101, Attention: Corporate Trust Department, or to such other address as the Trustee may from time to time file with the Issuer.

Section 11.5 Trustee as Paying Agent and Registrar. Trustee is hereby designated and agrees to act as principal Paying Agent and Bond Registrar for and in respect to the Bonds.

Section 11.6 Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 11.1 Electronic Signatures. Each party hereto acknowledges and agrees that it may execute this Indenture, and any variation or amendment hereto, using Electronic Signatures, as hereinafter defined. Such Electronic Signatures are intended to authenticate this writing and to have the same force and effect as handwritten signatures.

“Electronic Signature” means any electronic sound, symbol, or process attached to or logically associated with a record and executed and adopted by a party with the intent to sign such

record, including facsimile or email electronic signatures, pursuant to applicable law, including the Federal Electronic Signatures in Global and National Commerce Act, the Utah Uniform Electronic Transaction Act, or any other similar state laws based on the Uniform Electronic Transactions Act, as amended from time to time.

Section 11.2 Applicable Law. THIS INDENTURE SHALL BE GOVERNED EXCLUSIVELY BY THE APPLICABLE LAWS OF THE STATE.

Section 11.3 Immunity of Officers and Directors. No recourse shall be had for the payment of the principal of or premium or interest on any of the Bonds or for any claim based thereon or upon any obligation, covenant or agreement herein contained against any past, present or future officer, or other public official, employee, or agent of the Issuer.

Section 11.4 Holidays. If any date for the payment of principal of or interest on the Bonds is not a Business Day, then such payment shall be due on the first Business Day thereafter and no interest shall accrue for the period between such date and such first Business Day thereafter.

Section 11.5 Effective Date. This Indenture shall become effective immediately.

Section 11.6 Compliance with Act. It is hereby declared by the Issuer's Governing Body that it is the intention of the Issuer by the execution of this Indenture to comply in all respects with the provisions of the Act.

IN WITNESS WHEREOF, the parties hereto have caused this Indenture to be executed as of the date first written above.

CITY OF SOUTH JORDAN, UTAH, as Issuer

(SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Trust Officer

EXHIBIT A

FORM OF REQUISITION

Re: City of South Jordan, Utah, Water Revenue Bonds, \_\_\_\_\_ in the sum of  
\$ \_\_\_\_\_

U.S. Bank Trust Company, National Association  
170 South Main Street, Suite 200  
Salt Lake City, Utah 84101

You are hereby authorized to disburse from the Series \_\_\_\_\_ Account of the  
Acquisition/Construction Fund with regard to the above-referenced bond issue the following:

REQUISITION NUMBER: \_\_\_\_\_

NAME AND ADDRESS OF PAYEE: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

AMOUNT: \$ \_\_\_\_\_

PURPOSE FOR WHICH EXPENSE HAS BEEN INCURRED: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Each obligation, item of cost, or expense mentioned herein has been properly incurred, is  
a proper charge against the Series \_\_\_\_\_ Account of the Acquisition/Construction Fund based  
upon audited, itemized claims substantiated in support thereof (evidence of such support not herein  
required by the Trustee), is justly due and owing and constitutes a Cost of a Project and has not  
been the basis for a previous withdrawal.

The amount remaining in the Series \_\_\_\_\_ Account of the Acquisition/Construction Fund  
after such disbursement is made, together with the amount of unencumbered Net Revenues, if any,  
which the Issuer reasonably estimates will be deposited in the Series \_\_\_\_\_ Account of the  
Acquisition/Construction Fund during the period of construction of the Project from the  
investment of moneys on deposit in the Series \_\_\_\_\_ Account of the Acquisition/Construction  
Fund, will, together with any other moneys lawfully available or expected to be lawfully available  
for payment of the Cost of the Project and after payment of the amount requested in said  
requisition, be sufficient to pay the Cost of Completion for the Project in accordance with the plans  
and specifications therefor then in effect; it being understood that no moneys from the Series \_\_\_\_\_  
Account of the Acquisition/Construction Fund may be expended unless, after giving effect thereto,  
the funds remaining in the Series \_\_\_\_\_ Account of the Acquisition/Construction Fund, together  
with such other funds and income and lawfully available moneys, are sufficient to pay the Cost of  
Completion for the Project.

DATED: \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**APPENDIX C**

**ECONOMIC AND DEMOGRAPHIC  
INFORMATION REGARDING THE CITY AND SALT LAKE COUNTY**

**City, County, and State Population**

<u>Year</u>	<u>City</u>	<u>% Change</u>	<u>County</u>	<u>% Change</u>	<u>State</u>	<u>% Change</u>
2024 Estimate	86,156	0.9%	1,216,274	1.31%	3,503,613	1.75%
2023 Estimate	85,427	2.0	1,200,544	0.70	3,443,222	1.54
2022 Estimate	83,782	4.6	1,192,255	0.48	3,391,011	1.54
2021 Estimate	80,077	3.3	1,186,513	0.11	3,339,738	2.08
2020 Census	77,487	1.2	1,185,238	2.14	3,271,616	2.05
2019 Estimate	76,598	3.7	1,160,437	1.02	3,205,958	1.66
2018 Estimate	73,837	4.1	1,148,692	1.05	3,153,550	1.69
2017 Estimate	70,929	3.5	1,136,719	1.48	3,101,042	1.95
2016 Estimate	68,545	3.8	1,120,109	1.62	3,041,868	2.01
2015 Estimate	66,034	—	1,102,273	1.13	2,981,835	1.53
2010 Census	50,418	—	1,029,655	—	2,763,885	—

(Source: U.S. Census Bureau, Population Division.)

Note: The 2010 and 2020 Census are as of April 1 of those years; the annual population estimates are as of July 1 of the year given. Estimates are subject to change.

**Construction Activity in the City**

The following table summarizes the value of permit authorized construction for the City for the years shown for both residential and commercial construction.

	<i>Calendar Year</i>				
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
New Dwelling Units	737	372	924	1,796	1,272
New Residential Value (\$000)	172,917.0	89,635.0	199,529.0	358,614.0	289,787.0
New Nonresidential Value (\$000)	195,799.0	36,627.0	70,069.0	64,535.0	55,684.0
Additions/Alterations/Repairs (\$000)	33,143.0	61,051.0	49,567.0	41,440.0	94,083.0
Total Construction (\$000)	401,859.0	187,313.0	319,165.0	464,589.0	439,554.0

(Source: University of Utah Bureau of Economic and Business Research.)



## THE COUNTY

The following demographic information is provided solely as background information regarding Salt Lake County (the “County”), the general area in which the City is located. The County is the economic and population center of the State. Based on 2020 Census data, the County has approximately 36% of the total population of the State. The State capital, Salt Lake City, is located in the County.

### Rate of Unemployment – Annual Average

<u>Year</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2024	3.2%	3.2%	4.0%
2023	2.7	2.7	3.6
2022	2.4	2.4	3.6
2021	2.9	2.8	5.3
2020	5.3	4.8	8.1
2019	2.5	2.5	3.7
2018	2.9	2.9	3.9
2017	3.0	3.1	4.4
2016	3.1	3.3	4.9
2015	3.3	3.5	5.3

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(Source: Utah Department of Workforce Services and the U.S. Department of Labor.)

## Economic Indicators in the County

LABOR FORCE <sup>(1)</sup>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Labor Force (annual average)	693,444	681,550	664,322	645,193	638,440
Employed (annual average)	671,267	663,016	648,471	626,701	604,567
Unemployed (annual average)	21,177	18,534	15,851	18,492	33,873
Average Employment (Non-Farm Jobs)	808,038	800,225	783,881	750,123	720,686
% Change Prior Year	0.98	2.09	4.50	4.08	-2.24
<i>Average Employment by Sector:</i>					
Agriculture, Forestry, Fishing & Hunting	571	600	505	433	350
Mining	3,476	3,419	3,101	2,711	2,704
Utilities	2,755	2,674	2,621	2,540	2,613
Construction	56,103	54,136	52,254	49,403	46,121
Manufacturing	60,973	61,937	61,233	58,412	56,512
Wholesale Trade	40,141	38,399	36,899	34,826	33,589
Retail Trade	73,057	73,842	75,693	75,837	71,757
Transportation and Warehousing	50,964	50,935	48,540	46,635	45,470
Information	23,435	24,260	24,535	21,586	20,493
Finance and Insurance	51,854	51,142	51,666	51,570	50,506
Real Estate and Rental and Leasing	12,889	12,605	12,320	11,964	11,551
Professional, Scientific & Technical Services	75,991	75,975	73,906	67,717	62,213
Management of Companies and Enterprises	16,896	16,780	16,336	16,041	16,533
Administrative, Support, Waste Management, & Remediation	50,008	51,294	52,504	50,714	50,478
Education Services	68,665	66,619	65,262	62,248	63,779
Health Care and Social Assistance	93,640	90,862	86,331	83,898	81,223
Arts, Entertainment, and Recreation	13,230	12,260	11,306	9,691	8,178
Accommodation and Food Services	57,269	56,703	53,976	48,396	44,582
Other Services and Unclassified Establishments	23,208	23,147	22,902	22,348	21,239
Public Administration	33,910	32,634	31,989	31,155	30,797
Total Establishments	67,102	65,069	62,762	62,346	56,515
Total Wages (\$Millions)	62,018.6	58,435.7	54,673.5	49,206.1	44,541.0
INCOME AND WAGES	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Personal Income (\$000) <sup>(2)</sup>	n/a	\$85,126,342	\$80,481,119	\$76,747,291	\$67,958,404
Per Capita Income <sup>(2)</sup>	n/a	71,787	67,827	64,694	57,253
Median Household Income <sup>(1)</sup>	n/a	94,013	91,713	80,676	79,294
Average Monthly Nonfarm Wage <sup>(1)</sup>	\$6,396	\$6,085	\$5,812	\$5,466	\$5,150
SALES & CONSTRUCTION	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Gross Taxable Sales (\$000,000) <sup>(3)</sup>	42,782.1	41,950.6	41,687.3	37,173.7	31,377.7
New Dwelling Units <sup>(4)</sup>	4,093	8,824	8,864	11,037	10,660
Total Construction Value (\$000) <sup>(4)</sup>	3,565,252.3	4,463,195.5	3,992,958.0	4,343,554.3	4,122,671.6
New Residential Value (\$000) <sup>(4)</sup>	1,015,070.2	2,147,646.1	1,711,278.5	2,153,788.4	1,964,183.1
New Nonresidential Value (\$000) <sup>(4)</sup>	637,834.0	910,557.6	1,303,331.3	1,056,514.3	974,277.3

(Sources: (1) Utah Department of Workforce Services; (2) U.S. Department of Commerce, Bureau of Economic Analysis, last updated November 2024; (3) Utah State Tax Commission; (4) University of Utah Ivory-Boyer Construction Database; Total Construction Value includes additions/alterations/repairs.)

## Major Employers in the County

<u>Company</u>	<u>Industry</u>	<u>Employment Range</u>
University of Utah	Higher Education	20,000+
Intermountain Health Care	Health Care	20,000+
State of Utah	State Government	10,000-14,999
Granite School District	Public Education	7,000-9,999
Jordan School District	Public Education	7,000-9,999
Salt Lake County	Local Government	5,000-6,999
Amazon.com	Couriers	5,000-6,999
Wal-Mart	Warehouse Clubs & Supercenters	5,000-6,999
Delta Airlines	Air Transportation	5,000-6,999
Canyons School District	Public Education	4,000-4,999
ARUP Laboratories	Medical Laboratories	4,000-4,999
Salt Lake City	Local Government	3,000-3,999
Department of Veterans Affairs	Health Care	3,000-3,999
Smiths Food & Drug	Grocery Stores	3,000-3,999
United Parcel Service	Postal Service	3,000-3,999
Salt Lake City School District	Public Education	3,000-3,999
Zions Bancorporation N A	Financial Services	3,000-3,999
US Postal Service	Postal Service	2,000-2,999
Biofire Diagnostics, LLC	Medical Research	2,000-2,999
Salt Lake Community College	Higher Education	2,000-2,999
L3 Technologies	Manufacturing	2,000-2,999
Skywest Airlines	Air Transportation	2,000-2,999
Kennecott Utah Copper	Mining	2,000-2,999
Harmons	Grocery Stores	2,000-2,999
Mountain America Credit Union	Financial Services	2,000-2,999
Utah Transit Authority	Public Transportation	2,000-2,999
Northrop Grumman Corp.	Aerospace Manufacturing	2,000-2,999
Discover Products Inc.	Financial Services	2,000-2,999
Costco Wholesale	Warehouse Clubs & Supercenters	2,000-2,999
Merit Medical Systems	Health Care	2,000-2,999
Wells Fargo Bank	Financial Services	2,000-2,999
Select Health	Medical Insurance Carriers	1,000-1,999
Fidelity Brokerage Services	Financial Services	1,000-1,999
Goldman Sachs and Co.	Nondepository Credit Intermediation	1,000-1,999
Maverik Country Stores	Gasoline Stations with Convenience Stores	1,000-1,999
St Marks Hospital	Hospitals	1,000-1,999
The Home Depot	Home Centers	1,000-1,999
McDonald's	Limited-Service Restaurants	1,000-1,999
Core Innovative Solutions	Residential Property Managers	1,000-1,999
Edwards Lifesciences	Medical Instrument Manufacturing	1,000-1,999
Catholic Health Initiatives	Colorado Hospitals	1,000-1,999
Target	Warehouse Clubs/Supercenters	1,000-1,999
Becton, Dickinson and Company	Medical Instrument Manufacturing	1,000-1,999
Snowbird Operations	Hotels	1,000-1,999
Swire Pacific Holdings	Grocery Merchant Wholesalers	1,000-1,999
R1 RCM	Professional, Scientific & Technical Services	1,000-1,999
Ultradent Products	Dental Equipment Manufacturing	1,000-1,999
Western Governor's University	Higher Education	1,000-1,999
Ebay	General Merchandise Retailers	1,000-1,999
Universal Protection	Security Guards & Patrol Services	1,000-1,999
Varex Imaging	Irradiation Apparatus Manufacturing	1,000-1,999
Optum Services	Software Publishers	1,000-1,999
Cache Valley Electric	Specialty Trade Contractors	1,000-1,999
ARO	Supermarkets	1,000-1,999
PacifiCorp	Utilities	1,000-1,999
Sutter Health	Accounting Services	1,000-1,999
Dept of Defense	Federal Government	1,000-1,999
Western States Lodging & Management	Accommodations	1,000-1,999
West Valley City	Local Government	1,000-1,999

(Source: Utah Department of Workforce Services; last updated November 2024.)

## APPENDIX D

### FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”), is executed by the City of South Jordan, Utah (the “City”), in connection with the issuance by the City of its \$[ ] Water Revenue Bonds, Series 2025 (the “Series 2025 Bonds”). The Series 2025 Bonds are being issued pursuant to a General Indenture of Trust dated as of October 1, 2025, as supplemented by a First Supplemental Indenture of Trust, dated as of October 1, 2025 (together, the “Indenture”), between the City and U.S. Bank Trust Company, National Association, as trustee.

The City hereby acknowledges that it is an “obligated person” within the meaning of the hereinafter defined Rule with respect to the Series 2025 Bonds.

In connection with the aforementioned transactions, the City covenants and agrees as follows:

Section 1. Purpose of the Disclosure Undertaking. This Disclosure Undertaking is being executed and delivered by the City for the benefit of the Bondholders and Beneficial Owners of the Series 2025 Bonds and in order to assist the Participating Underwriter (each as defined below) in complying with the Rule.

Section 2. Definitions. In addition to the definitions set forth in the hereinafter defined Official Statement or parenthetically defined herein, which apply to any capitalized term used in this Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report of the City” means the Annual Report of the City provided by the City pursuant to, and as described in Sections 3 and 4 of this Disclosure Undertaking.

“Beneficial Owner” shall mean any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2025 Bonds (including persons holding Series 2025 Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Series 2025 Bonds for federal income tax purposes.

“Dissemination Agent” shall mean the City, acting in its capacity as Dissemination Agent hereunder, or any of its successors or assigns.

“Financial Obligation” means a (a) debt obligation, (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) guarantee of (a) or (b) in this definition; provided however, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Undertaking.

“MSRB” shall mean the Municipal Securities Rulemaking Board, the address of which is 1300 I Street, NW, Suite 1000, Washington DC 20005-3314; Telephone (202) 838-1500; Fax (202) 898-1500, and the website address of which is [www.msrb.org](http://www.msrb.org) and [www.emma.msrb.org](http://www.emma.msrb.org) (for municipal disclosures and market data).

“Official Statement” shall mean the Official Statement of the City dated [ ], 2025, relating to the Series 2025 Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“Underwriter” shall mean Stifel, Nicolaus & Company, Incorporated, as the original underwriter of the Series 2025 Bonds and required to comply with the Rule in connection with the offering of the Series 2025 Bonds.

Section 3. Provision of Annual Reports.

(a) The City shall prepare an Annual Report of the City and shall, or shall cause the Dissemination Agent to, not later than two hundred (200) days after the end of each fiscal year of the City (presently June 30), commencing with the fiscal year ending June 30, 2025, provide to the MSRB in an electronic format, the Annual Report of the City which is consistent with the requirements of Section 4 of this Disclosure Undertaking. Not later than ten (10) Business Days prior to said date, the City shall provide the Annual Report of the City to the Dissemination Agent. In each case, the Annual Report of the City may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Undertaking; provided that the audited financial statements of the City may be submitted separately from the balance of the Annual Report, and later than the date required above for the filing of the Annual Report if they are not available by that date. If the City's fiscal year changes, it shall give notice of such change in the same manner as for Listed Event under Section 5(e).

(b) If by ten (10) Business Days prior to the date specified in Section 3(a) for providing the Annual Report of the City to the MSRB, the Dissemination Agent has not received a copy of the Annual Report of the City, the Dissemination Agent shall contact the City to determine if the City is in compliance with Section 3(a).

(c) If the Dissemination Agent is unable to verify that the Annual Report of the City has been provided to the MSRB by the dates required in Sections 3(a) and 3(b), the Dissemination Agent shall, in a timely manner, send a notice to the MSRB in the manner prescribed by the MSRB.

(d) The Dissemination Agent shall:

(i) determine each year prior to the dates for providing the Annual Report of the City, the website address to which the MSRB directs the annual reports to be submitted; and

(ii) file reports with the City, as appropriate, certifying that its Annual Report has been provided pursuant to this Disclosure Undertaking, stating the date it was provided and listing the website address to which it was provided.

Section 4. Content of Annual Reports. The Annual Report of the City shall contain or incorporate by reference the following:

(a) A copy of its annual financial statements prepared in accordance with generally accepted accounting principles and audited by a certified public accountant or a firm of certified public accountants. If the City's audited annual financial statements are not available by the time specified in Section 3(a) above, unaudited financial statements will be provided as part of the Annual Report of the City and audited financial statements will be provided when and if available.

(b) An update of the financial and operating information in the Official Statement relating to the City of the type contained in tables under the headings:

“THE SYSTEM,” “DEBT STRUCTURE OF THE CITY—Outstanding Municipal Indebtedness of the City,” and “HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE” (but only as to historical data).

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the City, as appropriate or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The City, as appropriate, shall clearly identify each such other document so incorporated by the reference.

Section 5.        Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5(a), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2025 Bonds in a timely manner but not more than ten (10) Business Days after the event:

- (i) Principal and interest payment delinquencies;
- (ii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iii) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (iv) Substitution of credit or liquidity providers, or their failure to perform;
- (v) Adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2025 Bonds or other material events affecting the tax status of the Series 2025 Bonds;
- (vi) Defeasances;
- (vii) Tender offers;
- (viii) Bankruptcy, insolvency, receivership or similar proceedings;
- (ix) Rating changes; or
- (x) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the City, any of which reflect financial difficulties.

(b) Pursuant to the provisions of this Section 5(b), the City shall give or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2025 Bonds in a timely manner not more than ten (10) Business Days after the Listed Event, if material:

- (i) Mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the obligated persons or their termination;
- (ii) Appointment of a successor or additional trustee or the change of the name of a trustee;
- (iii) Non-payment related defaults;
- (iv) Modifications to the rights of the owners of the Series 2025 Bonds;
- (v) Series 2025 Bond calls;
- (vi) Release, substitution or sale of property securing repayment of the Series 2025 Bonds; or
- (vii) Incurrence of a Financial Obligation of the City or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders.

(c) Whenever the City obtains knowledge of the occurrence of a Listed Event under Section 5(b), whether because of a notice from the Trustee or otherwise, the City shall as soon as possible determine if such event would be material under applicable federal securities laws.

(d) If the City has determined that knowledge of the occurrence of a Listed Event under Section 5(b) would be material under applicable federal securities laws, the City shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (f).

(e) If the City determines that the Listed Event under Section 5(b) would not be material under applicable federal securities laws, the City shall so notify the Dissemination Agent in writing and instruct the Dissemination Agent not to report the occurrence pursuant to subsection (f).

(f) If the Dissemination Agent has been instructed by the City to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB in an electronic format in a timely manner not more than ten (10) Business Days after the Listed Event.

Section 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Undertaking shall terminate upon the date of the legal defeasance, prior redemption or payment in full of all of the Series 2025 Bonds. If such termination occurs prior to the final maturity of the Series 2025 Bonds, the City shall give notice of such termination in the same manner as for a Listed Event under Section 5(f).

Section 7. Dissemination Agent. The City may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The City will serve as the initial Dissemination Agent under this Disclosure Undertaking.

Section 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Undertaking, the City may amend this Disclosure Undertaking and any provision of this Disclosure Undertaking may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, 5(a) or 5(b), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an "obligated person" (as defined in the Rule) with respect to the Series 2025 Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Series 2025 Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Beneficial Owners of the Series 2025 Bonds in the same manner as provided in the Indenture for amendments to the Indenture with the consent of Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Series 2025 Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Undertaking, the City shall describe such amendment in the next Annual Report of the City, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City, as applicable. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(a), and (ii) the Annual Disclosure Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 9. Additional Information. Nothing in this Disclosure Undertaking shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Undertaking. If the City chooses to include any information in any Annual Disclosure Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Undertaking, the City shall have no obligation under this Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

Section 10. Default. In the event of a failure of the City or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any Bondholder or Beneficial Owner of the Series 2025 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City or Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed an “event of default” under the Indenture, and the sole remedy under this Disclosure Undertaking in the event of any failure of the City or the Dissemination Agent to comply with this Disclosure Undertaking shall be an action to compel performance.

Section 11. Duties Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Undertaking, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys’ fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent’s gross negligence or willful misconduct. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2025 Bonds.

Section 12. Beneficiaries. This Disclosure Undertaking shall inure solely to the benefit of the City, the Dissemination Agent, the Participating Underwriter and the Beneficial Owners from time to time of the Series 2025 Bonds, and shall create no rights in any other person or entity.

Section 13. Counterparts. This Disclosure Undertaking may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: \_\_\_\_\_, 2025.

SOUTH JORDAN CITY, UTAH

(  
SEAL)

By: \_\_\_\_\_  
Mayor

ATTEST:

By: \_\_\_\_\_  
City Recorder



## APPENDIX E

### FORM OF OPINION OF BOND COUNSEL

*Upon the issuance of the Series 2025 Bonds, Gilmore & Bell, P.C., Bond Counsel to the City, proposes to issue its approving opinion in substantially the following form.*

Re:     \$[ ] City of South Jordan, Utah Water Revenue Bonds, Series 2025

We have acted as bond counsel to the City of South Jordan, Utah (the “Issuer”) in connection with the issuance by the Issuer of the above-captioned bonds (the “Bonds”). In this capacity, we have examined the law and such certified proceedings, certifications and other documents as we have deemed necessary to give the opinions below.

The Bonds are being issued pursuant to (i) the Local Government Bonding Act, Title 11, Chapter 14, Utah Code Annotated 1953, as amended, and other applicable provisions of law; (ii) a resolution of the Issuer adopted on August 5, 2025; and (iii) a General Indenture of Trust dated as of October 1, 2025 (the “General Indenture”) and as supplemented by a First Supplemental Indenture of Trust dated as of October 1, 2025 (the “First Supplemental Indenture”) and together with the General Indenture, the “Indenture”) each between the Issuer and U.S. Bank Trust Company, National Association, as trustee. Under the Indenture, the Issuer has pledged certain revenues (the “Net Revenues”) for the payment of principal of, premium (if any), and interest on the Bonds when due.

Capitalized terms used and not otherwise defined in this opinion have the meanings assigned to those terms in the Indenture.

Regarding questions of fact material to the opinions below, we have relied on the representations of the Issuer contained in the Indenture, on the certified proceedings and other certifications of representatives of the Issuer and the certifications of others furnished to us without undertaking to verify them by independent investigation.

Based on the foregoing, we are of the opinion that:

1.       The Issuer is validly existing as a political subdivision and body politic duly organized and validly existing under the constitution and laws of the State of Utah (the “State”) with the power to execute the Indenture, perform the agreements on its part contained therein, and issue the Bonds.

2.       The Indenture has been authorized, executed and delivered by the Issuer and constitutes a valid and binding agreement of the Issuer.

3.       The Indenture creates a valid lien on the Net Revenues and other funds pledged by the Indenture for the security of the Bonds on a parity with other bonds, if any, issued or to be issued under the Indenture.

4.       The Bonds have been duly authorized and executed by the Issuer, and are valid and binding limited obligations of the Issuer, payable solely from the Net Revenues and the other funds provided therefor in the Indenture. The Bonds do not constitute general obligations of the Issuer and do not constitute an indebtedness of the Issuer within the meaning of any State constitutional or statutory provision, limitation, or restriction. The Issuer’s taxing power is not pledged to the payment of the Bonds.

5.       The interest on the Bonds [(including any original issue discount properly allocable to an owner thereof)] (i) is excludable from gross income for federal income tax purposes and (ii) is not an item of tax preference for purposes of computing the federal alternative minimum tax. The opinions set forth in this paragraph are subject to the condition that the Issuer complies with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all of these requirements. Failure to comply with certain of these requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is exempt from income taxation by the State.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Indenture may be limited by bankruptcy, insolvency, reorganization, moratorium, and other similar laws affecting the rights and remedies of creditors, and by equitable principles, whether considered at law or in equity.

We express no opinion regarding (a) the accuracy, adequacy or completeness of the Official Statement or other offering material relating to the Bonds, except as may be set forth in our supplemental opinion of even date herewith, (b) the attachment, perfection, or priority of the lien on Revenues or other funds created by the Indenture, or (c) the tax consequences arising with respect to the Bonds other than as expressly set forth in this opinion letter.

The opinions given in this opinion letter are given as of the date set forth above, and we assume no obligation to revise or supplement them to reflect any facts or circumstances that may later come to our attention, or any changes in law that may later occur.

Respectfully submitted,

## **APPENDIX F**

### **PROVISIONS REGARDING BOOK-ENTRY-ONLY SYSTEM**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2025 Bonds. The Series 2025 Bonds are to be issued as fully registered bonds registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate is to be issued for each series of the Series 2025 Bonds, each in the aggregate principal amount of such series, and will be deposited with DTC.

DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has S&P Global’s rating of AA+. The DTC Rules applicable to its Direct Participants are on file with the Securities and Exchange Commission. Neither the City nor the Underwriter make any representation about such information. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2025 Bonds under the DTC system must be made by or through Direct Participants, which are to receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2025 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2025 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Series 2025 Bonds, except in the event that use of the book-entry system for the Series 2025 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2025 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2025 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2025 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2025 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2025 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2025 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of Series 2025 Bonds may wish to ascertain

that the nominee holding the Series 2025 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2025 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2025 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2025 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2025 Bonds are to be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the City or the Paying Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Direct or Indirect Participants to Beneficial Owners are to be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Direct or Indirect Participant and not of DTC nor its nominee, the Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Paying Agent, disbursement of such payments to Direct Participants is the responsibility of DTC, and disbursement of such payments to the Beneficial Owners is the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2025 Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor depository is not obtained, Series 2025 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Series 2025 Bond certificates will be printed and delivered to DTC.

*The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the City believes to be reliable, but the City takes no responsibility for the accuracy thereof.*