



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2023

With Report of

Independent Certified Public Accountants

City of Santa Clara
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June 30, 2023

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Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
Santa Clara City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Clara City, Utah, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Santa Clara City, Utah's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santa Clara City, Utah, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Santa Clara City, Utah 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

Santa Clara City, Utah's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Santa Clara City, Utah'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 objectives are 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 GAAS 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 GAAS, 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 Santa Clara City, Utah'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 Santa Clara City, Utah'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 Management's Discussion and Analysis and the other Required Supplementary Information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated October 26, 2023 on our consideration of Santa Clara City, Utah’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 solely 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 the effectiveness of 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 Santa Clara City, Utah’s internal control over financial reporting and compliance.

HintonBurdick, PLLC

HintonBurdick, PLLC

St. George, UT

October 26, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

As management of the City of Santa Clara (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2023.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$5,185,503
- *Total unrestricted net position for the City as a whole decreased by \$2,260,502
- *Total net position for governmental activities increased by \$1,713,804
- *Total net position for business-type activities increased by \$3,471,699

BASIC FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of the City of Santa Clara. The basic financial statements comprise three components: (1) government wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The 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, deferred outflows, liabilities, and deferred inflows, with the difference between the two 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.

The *statement of activities* presents information showing how the City's net position changed during the fiscal year reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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 statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

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

Governmental funds. These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government 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 government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the impact fees special revenue fund.

The City adopts an annual appropriated budget for all its funds. A budgetary comparison schedule has been provided to demonstrate legal compliance with the adopted budget for the general fund.

The basic governmental fund financial statements can be found later in this report; see Table of Contents.

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses four enterprise funds to account for the operations of the water, sewer, electric, and storm water utilities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The enterprise funds are considered major funds of the City.

The proprietary fund financial statements can be found later in this report; see Table of Contents.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are reported later in this report; see Table of Contents.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

FINANCIAL ANALYSIS

City of Santa Clara's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 11,320,859	10,759,123	10,135,879	14,321,755	21,456,737	25,080,878
Net capital assets	18,866,177	19,061,047	27,707,983	21,801,285	46,574,160	40,862,332
Deferred outflows of resources	549,569	256,175	207,100	228,454	756,669	484,629
Total assets and deferred outflows	30,736,604	30,076,345	38,050,962	36,351,494	68,787,566	66,427,839
Long-term debt outstanding	4,356,899	4,684,000	10,760,003	11,615,469	15,116,902	16,299,469
Other liabilities	1,316,684	1,378,115	1,084,506	1,353,385	2,401,189	2,731,500
Deferred inflows of resources	1,594,720	2,259,734	4,704	652,589	1,599,425	2,912,323
Total liabilities and deferred inflows	7,268,304	8,321,849	11,849,212	13,621,444	19,117,516	21,943,292
Net position:						
Net investment in capital assets	14,509,277	14,377,047	16,947,980	10,185,816	31,457,258	24,562,863
Restricted	4,367,003	3,887,648	5,313,033	5,240,778	9,680,036	9,128,426
Unrestricted	4,592,020	3,489,802	3,940,736	7,303,457	8,532,757	10,793,259
Total net position	\$ 23,468,301	21,754,496	26,201,749	22,730,050	49,670,049	44,484,546

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$49,670,049, an increase of \$5,185,503 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$8,532,757 which represents a decrease of -\$2,260,502 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

The amount of current and other assets represent the amounts of cash and receivables on hand at the end of each year. Other liabilities are the amounts of current and other liabilities due, at year end, for goods and services acquired.

Changes in capital assets are the result of the difference, in the current year, of the cost of acquisition of capital assets and any depreciation charges on capital assets. Change in long-term debt is the difference in the amount of debt issued and that which has been paid during the year.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

City of Santa Clara's Change in Net Position

	Governmental Activities		Business-type Activities		Total	Total
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
Program revenues:						
Charges for services	\$ 3,507,932	3,628,280	12,713,114	10,587,469	16,221,046	14,215,749
Operating grants	694,698	485,974	-	-	694,698	485,974
Capital grants	1,158,243	1,138,277	3,103,102	2,216,644	4,261,345	3,354,921
General revenues:						
Taxes	4,512,865	4,188,977	-	-	4,512,865	4,188,977
Other revenues	716,212	235,589	197,345	52,102	913,557	287,691
Total revenues	10,589,949	9,677,097	16,013,561	12,856,215	26,603,510	22,533,312
Expenses:						
General government	1,615,752	1,606,649	-	-	1,615,752	1,606,649
Public safety	4,737,438	3,625,997	-	-	4,737,438	3,625,997
Streets and public works	787,620	1,823,481	-	-	787,620	1,823,481
Parks and recreation	1,582,105	1,771,016	-	-	1,582,105	1,771,016
Community development	103,510	57,995	-	-	103,510	57,995
Interest on long-term debt	104,720	11,061	-	-	104,720	11,061
Water	-	-	2,208,947	1,845,016	2,208,947	1,845,016
Sewer	-	-	949,535	820,901	949,535	820,901
Electric	-	-	8,754,391	6,775,646	8,754,391	6,775,646
Storm water	-	-	573,990	512,523	573,990	512,523
Total expenses	8,931,145	8,896,200	12,486,862	9,954,086	21,418,007	18,850,286
Excess (deficiency) before transfers						
	1,658,804	780,897	3,526,699	2,902,129	5,185,503	3,683,026
Transfers in (out)	55,000	128,000	(55,000)	(128,000)	-	-
Change in net position	\$ 1,713,804	908,897	3,471,699	2,774,129	5,185,503	3,683,026

For the City as a whole, total revenues increased by \$4,070,198 compared to the previous year, while total expenses increased by \$2,567,721. The total net change of \$5,185,503 is, in private sector terms, the net income for the year which is \$1,502,477 more than the previous year.

Governmental activities revenues of \$10,589,949 is an increase of \$912,852 from the previous year. This is primarily due to an increase in interest income during the year. Governmental activities expenses of \$8,931,145 is an increase of \$34,945 from the previous year. While streets and public works and parks and recreation expenses decreased during the year, all other department expenses increased.

Business-type activities revenue of \$16,013,561 is an increase of \$3,157,346 from the previous year. Service revenues increased by \$2,125,645 and capital grants increased by \$886,458. Business-type activities expenses of \$12,486,862 is an increase of \$2,532,776 from the previous year. All department expenses increased compared to the prior year, with the largest increase in the electric department due to power costs.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

Some of the more significant changes in fund balances and fund net position, and any restrictions on those amounts, is described below:

General Fund

The fund balance of \$3,572,673 reflects a decrease of \$548,475 from the previous year. Total revenues increased by \$444,692. Tax revenues, including property taxes and sales taxes, increased by \$323,888. Intergovernmental revenue decreased by \$190,580. Revenues from charges for services decreased by \$429,937. Licenses and permits revenue increased by \$292,933. All other revenues increased \$448,388.

Total expenditures increased by \$690,780. General government expenditures increased by \$175,426, public safety expenditures increased by \$725,129, streets and public works expenditures decreased by \$26,355, parks and recreation expenditures decreased by \$62,057, community development increased by \$45,302. Debt service expenditures decreased by \$166,665.

Transfers in from the storm water fund amounted to \$25,000. Transfers out to the capital projects fund amounted to \$836,606.

Fund balance restricted amounted to \$814,405, and fund balance assigned for capital projects amounted to \$10,887, resulting in an unassigned fund balance of \$2,747,381.

Impact Fees Special Revenue Fund

The fund balance of \$3,552,598 reflects an increase of \$1,073,143 from the previous year. This increase was primarily a result of a \$1,158,243 in impact fees revenue.

Water Fund

The change in net position (income) was \$984,969, which was \$228,958 more than the prior year's change in net position. This increase was primarily a result of capital contributions of \$813,588. Net position restricted for debt service and construction is \$2,009,880. Unrestricted net position amounts to \$510,756.

Sewer Fund

The change in net position (net income) was \$531,186, which was \$46,593 more than the previous year's net income. Net position restricted for debt service was \$317,119. Unrestricted net position amounts to \$1,667,386.

Electric Fund

The change in net position (net income) was \$1,580,400, which was \$488,500 more than the previous year's change in net position. The amount restricted for debt service is \$2,726,593. Unrestricted net position amounts to \$1,515,180.

Storm Water Fund

The change in net position (net income) was \$375,143, which was \$66,482 less than the previous year's net income. Net position restricted for debt service and construction was \$259,441. Unrestricted net position amounts to \$247,414.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$8,418,451. Subsequent amendments resulted in a final budget of \$9,206,976. Actual revenues, excluding transfers, amounted to \$9,014,202.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

GENERAL FUND BUDGETARY HIGHLIGHTS (continued)

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$9,032,192. This amount was amended in the final budget to \$9,820,717. Actual expenditures amounted to \$8,915,859.

Actual transfers in amounted to \$25,000. Transfers out amounted to \$836,606. There were not budgeted amounts for transfers in or out.

CAPITAL ASSETS AND DEBT ADMINISTRATION

City of Santa Clara's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Capital Assets:						
Land and water rights	\$ 2,091,942	2,091,942	1,487,859	1,487,859	3,579,801	3,579,801
Buildings	7,552,192	7,552,192	385,260	385,260	7,937,452	7,937,452
Improvements	10,210,837	10,210,837	-	-	10,210,837	10,210,837
Water system	-	-	19,407,375	18,370,046	19,407,375	18,370,046
Sewer systems	-	-	2,804,258	2,408,075	2,804,258	2,408,075
Electric system	-	-	20,931,540	15,276,847	20,931,540	15,276,847
Storm water system	-	-	5,034,252	4,658,918	5,034,252	4,658,918
Infrastructure	32,113,145	31,442,532	-	-	32,113,145	31,442,532
Machinery and equip	1,760,354	1,645,731	1,725,265	1,516,318	3,485,619	3,162,049
Vehicles	1,571,533	1,683,916	1,795,396	1,743,473	3,366,929	3,427,388
Office equipment	703,729	443,817	-	-	703,729	443,817
Artwork	198,491	198,491	-	-	198,491	198,491
Work in progress	85,584	8,506	586,759	772,702	672,343	781,208
Total capital assets	56,287,808	55,277,963	54,157,963	46,619,498	110,445,771	101,897,460
Less accumulated depreciation	(37,421,631)	(36,216,917)	(26,449,981)	(24,818,213)	(63,871,612)	(61,035,130)
Net capital assets	\$ 18,866,177	19,061,046	27,707,982	21,801,285	46,574,159	40,862,330

The total amount of capital assets, net of depreciation, of \$46,574,159 is an increase of \$5,711,829 from the previous year.

Governmental activities capital assets, net of depreciation, of \$18,866,177 is a decrease of \$194,869 from the previous year.

Business-type activities capital assets, net of depreciation, of \$27,707,982 is an increase of \$5,906,698 from the previous year.

Additional information regarding capital assets may be found in the notes to financial statements.

City of Santa Clara
Management's Discussion and Analysis
June 30, 2023

City of Santa Clara's Outstanding Long-term Obligations

	Current Year	Previous Year
	<u> </u>	<u> </u>
Governmental activities:		
2021 Sales Tax Revenue Bonds	\$ 1,963,000	2,097,000
2019 Lease Revenue Refunding Bonds	2,355,000	2,537,000
2012 Excise Tax Road Revenue Bonds	-	50,000
Lease liabilities	38,899	-
Compensated absences	113,426	91,004
Net pension liability	239,776	-
Total governmental	<u>\$ 4,710,102</u>	<u>4,775,004</u>
Business-type activities:		
2021 Electric Revenue Refunding Bonds	\$ 2,854,000	3,224,000
2021B Electric Revenue Bonds	2,490,000	2,532,000
2018 Sewer Truck Loan	71,003	140,469
2012 Water and Storm Water Revenue Bonds	1,009,000	1,213,000
2012 E & F Water Revenue Refunding Bonds	4,336,000	4,506,000
Less bond discounts	(19,230)	(24,038)
Compensated absences	93,203	84,901
Net pension liability	90,358	-
Total business-type	<u>\$ 10,924,333</u>	<u>11,676,332</u>
Total outstanding long-term obligations	<u>\$ 15,634,434</u>	<u>16,451,336</u>

Differences represent the amount of principal repaid during the year. Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

No significant economic changes that would affect the City are expected for the next year. Budgets have been set on essentially the same factors as the current year being reported.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Santa Clara's finances for all those with an interest in the City's finances and to show the City's accountability for the money it receives. Questions concerning any information provided in this report or requests for additional financial information should be addressed to the City Manager, 2603 Santa Clara Drive, Santa Clara, Utah 84765.

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BASIC FINANCIAL STATEMENTS

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City of Santa Clara
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,428,527	2,412,052	6,840,579
Accounts receivable, net	1,423,430	1,784,407	3,207,837
Internal balances	(50,000)	50,000	-
Inventory	-	516,981	516,981
Total current assets	<u>5,801,956</u>	<u>4,763,440</u>	<u>10,565,397</u>
Non-current assets:			
Restricted cash and cash equivalents	5,460,058	5,313,033	10,773,090
Assessments receivable	-	18,000	18,000
Bond discounts (net)	-	19,230	19,230
Capital assets:			
Not being depreciated	2,177,526	2,074,618	4,252,144
Net of accumulated depreciation	16,688,651	25,633,365	42,322,016
Net pension asset	58,845	22,175	81,020
Total non-current assets	<u>24,385,079</u>	<u>33,080,421</u>	<u>57,465,500</u>
Total assets	<u>30,187,036</u>	<u>37,843,862</u>	<u>68,030,897</u>
Deferred outflows of resources - pensions	549,569	207,100	756,669
Total assets and deferred outflows of resources	<u>\$ 30,736,604</u>	<u>38,050,962</u>	<u>68,787,566</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable	\$ 183,628	596,869	780,496
Accrued liabilities	38,349	58,509	96,858
Accrued interest payable	45,582	69,217	114,799
Customer deposits and security holdings	695,923	176,351	872,274
Long-term debt due within one year	331,170	871,003	1,202,172
Total current liabilities	<u>1,294,651</u>	<u>1,771,948</u>	<u>3,066,599</u>
Non-current liabilities:			
Compensated absences	113,426	93,203	206,629
Long-term debt due after one year	4,025,730	9,889,000	13,914,730
Net pension liability	239,776	90,358	330,134
Total non-current liabilities	<u>4,378,932</u>	<u>10,072,560</u>	<u>14,451,493</u>
Total liabilities	<u>5,673,583</u>	<u>11,844,508</u>	<u>17,518,091</u>
Deferred inflows of resources:			
Property taxes	1,148,806	-	1,148,806
Leases	36,299	-	36,299
Cares act	397,132	-	397,132
Pensions	12,484	4,704	17,188
Total deferred inflows of resources	<u>1,594,720</u>	<u>4,704</u>	<u>1,599,425</u>
Total liabilities and deferred inflows of resources	<u>7,268,304</u>	<u>11,849,212</u>	<u>19,117,516</u>
NET POSITION:			
Net investment in capital assets	14,509,277	16,947,980	31,457,258
Restricted for debt service	160,085	836,303	996,388
Restricted for construction	4,206,918	4,476,730	8,683,648
Unrestricted	4,592,020	3,940,736	8,532,757
Total net position	<u>23,468,301</u>	<u>26,201,749</u>	<u>49,670,050</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 30,736,604</u>	<u>38,050,962</u>	<u>68,787,566</u>

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

City of Santa Clara
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

FUNCTIONS/PROGRAMS:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
Primary government:					
Governmental activities:					
General government	\$ 1,615,752	1,093,370	28,226	-	(494,156)
Public safety	4,737,438	1,272,859	226,173	240,803	(2,997,602)
Streets and public works	787,620	832,559	440,298	508,276	993,513
Parks, recreation and public property	1,582,105	285,183	-	409,165	(887,758)
Community and economic developmen	103,510	23,962	-	-	(79,549)
Interest on long-term debt	104,720	-	-	-	(104,720)
Total governmental activities	8,931,145	3,507,932	694,698	1,158,243	(3,570,272)
Business-type activities:					
Water	2,208,947	2,089,556	-	1,093,706	974,315
Sewer	949,535	984,240	-	486,043	520,748
Electric	8,754,391	9,043,032	-	1,160,299	1,448,940
Storm water	573,990	596,287	-	363,053	385,350
Total business-type activities	12,486,862	12,713,114	-	3,103,102	3,329,353
Total primary government	\$ 21,418,007	16,221,046	694,698	4,261,345	(240,918)

(continued on next page)

City of Santa Clara
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2023

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ (3,570,272)	3,329,353	(240,918)
General revenues and transfers:			
Property taxes	1,197,945	-	1,197,945
Sales tax	2,271,500	-	2,271,500
Other taxes	1,043,420	-	1,043,420
Unrestricted investment earnings	454,372	197,345	651,717
Gain (loss) on disposal of assets	120,250	-	120,250
Miscellaneous	141,590	-	141,590
Transfers	55,000	(55,000)	-
Total general revenues	<u>5,284,076</u>	<u>142,345</u>	<u>5,426,421</u>
Change in net position	1,713,804	3,471,699	5,185,503
Net position - beginning	<u>21,754,496</u>	<u>22,730,051</u>	<u>44,484,547</u>
Net position - ending	<u>\$ 23,468,301</u>	<u>26,201,749</u>	<u>49,670,050</u>

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

City of Santa Clara
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2023

	General Fund	Impact Fees Fund	Nonmajor Governmental		Total Governmental Funds
			Special Revenue Cares/ARPA	Capital Projects Fund	
ASSETS					
Cash and cash equivalents	\$ 2,791,920	-	-	1,636,606	4,428,527
Receivables:					
Customer accounts	98,299	-	-	-	98,299
Property taxes	1,159,837	-	-	-	1,159,837
Due from other governments	128,102	-	-	-	128,102
Leases	37,191	-	-	-	37,191
Restricted cash and cash equivalents	1,510,328	3,552,598	397,132	-	5,460,058
TOTAL ASSETS	\$ 5,725,678	3,552,598	397,132	1,636,606	11,312,014
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES					
Liabilities:					
Accounts payable	\$ 183,628	-	-	-	183,628
Accrued liabilities	38,349	-	-	-	38,349
Customer deposits	154,076	-	-	-	154,076
Security holdings	541,847	-	-	-	541,847
Due to other funds	50,000	-	-	-	50,000
Total liabilities	967,899	-	-	-	967,899
Deferred inflows of resources:					
Property taxes	1,148,806	-	-	-	1,148,806
Leases	36,299	-	-	-	36,299
Cares act	-	-	397,132	-	397,132
Total deferred inflows of resources	1,185,105	-	397,132	-	1,582,237
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	2,153,004	-	397,132	-	2,550,136
FUND BALANCES:					
Restricted for:					
Impact fees	-	3,552,598	-	-	3,552,598
RAP taxes	654,320	-	-	-	654,320
Debt service	160,085	-	-	-	160,085
Assigned for:					
Capital projects	10,887	-	-	1,636,606	1,647,494
Unassigned	2,747,381	-	-	-	2,747,381
TOTAL FUND BALANCES	3,572,673	3,552,598	-	1,636,606	8,761,878
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 5,725,678	3,552,598	397,132	1,636,606	11,312,014

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

City of Santa Clara
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2023

	General Fund	Impact Fees Fund	Nonmajor Governmental		Total Governmental Funds
			Special Revenue Cares/ARPA	Capital Projects Fund	
REVENUES:					
Taxes:					
Property	\$ 1,197,945	-	-	-	1,197,945
Sales	2,271,500	-	-	-	2,271,500
Other taxes	1,043,420	-	-	-	1,043,420
License and permits	656,069	-	-	-	656,069
Intergovernmental revenues	500,495	-	194,203	-	694,698
Charges for services	2,539,987	-	-	-	2,539,987
Fines and forfeitures	311,876	-	-	-	311,876
Interest	351,320	103,051	-	-	454,372
Miscellaneous revenue	141,590	-	-	-	141,590
Total revenues	9,014,202	103,051	194,203	-	9,311,456
EXPENDITURES:					
General government	1,518,895	-	-	-	1,518,895
Public safety	4,684,649	-	194,203	-	4,878,852
Streets and public works	1,142,158	-	-	-	1,142,158
Parks, recreation and public property	1,206,179	-	-	-	1,206,179
Community and economic development	105,771	-	-	-	105,771
Debt service:					
Principal on bonds	182,000	184,000	-	-	366,000
Principal on leases	5,639	-	-	-	5,639
Interest	70,569	34,151	-	-	104,720
Total expenditures	8,915,859	218,151	194,203	-	9,328,214
Excess (Deficiency) of Revenues over (Under) Expenditures	98,343	(115,100)	-	-	(16,757)
Other Financing Sources and (Uses)					
Impact fees	-	1,158,243	-	-	1,158,243
Lease proceeds	44,538	-	-	-	44,538
Sale of capital assets	120,250	-	-	-	120,250
Transfers in	25,000	30,000	-	836,606	891,606
Transfers out	(836,606)	-	-	-	(836,606)
Total other financing sources and (uses)	(646,818)	1,188,243	-	836,606	1,378,032
Net Change in Fund Balances	(548,475)	1,073,143	-	836,606	1,361,274
Fund balances - beginning of year	4,121,149	2,479,455	-	800,000	7,400,604
Fund balance - end of year	\$ 3,572,673	3,552,598	-	1,636,606	8,761,878

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

City of Santa Clara
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET POSITION**
 June 30, 2023

Total Fund Balance for Governmental Funds	<u>\$ 8,761,878</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	56,287,808
Less accumulated depreciation	<u>(37,421,631)</u>
Net capital assets	<u>18,866,177</u>
Net pension asset is not an available resource and, therefore, is not reported in the fund statements.	
	<u>58,845</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>549,569</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(4,356,899)</u>
Compensated absences	<u>(113,426)</u>
Interest accrued but not yet paid on long-term debt	<u>(45,582)</u>
Net pension liability	<u>(239,776)</u>
Deferred inflows of resources - pensions	<u>(12,484)</u>
Total Net Position of Governmental Activities	<u>\$ 23,468,301</u>

City of Santa Clara
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2023

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 1,361,274</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	1,249,265
Depreciation expense	<u>(1,444,134)</u>
Net	<u>(194,869)</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>242,721</u>
<p>Long-term debt issued</p>	
	<u>(44,538)</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.</p>	
Long-term debt principal repayments	<u>371,639</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>-</u>
<p>Compensated absences 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.</p>	
Change in compensated absences	<u>(22,422)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,713,804</u></u>

Santa Clara City
STATEMENT OF NET POSITION - PROPRIETARY FUNDS
June 30, 2023

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Total Enterprise Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:					
Assets:					
Current assets:					
Cash and cash equivalents	\$ 244,183	1,571,951	413,261	182,657	2,412,052
Accounts receivable, net	508,978	90,795	1,125,751	58,883	1,784,407
Due from other funds	-	50,000	-	-	50,000
Inventory	-	-	516,981	-	516,981
Total current assets	753,162	1,712,746	2,055,994	241,540	4,763,440
Non-current assets:					
Restricted cash and cash equivalents	2,009,880	317,119	2,726,593	259,441	5,313,033
Assessments receivable	-	18,000	-	-	18,000
Bond discounts (net)	13,461	-	-	5,769	19,230
Capital assets:					
Not being depreciated	830,875	-	586,759	656,984	2,074,618
Net of accumulated depreciation	8,838,928	1,516,803	12,010,208	3,267,426	25,633,365
Net pension asset	6,425	2,220	11,310	2,220	22,175
Total non-current assets	11,699,569	1,854,142	15,334,870	4,191,841	33,080,421
Total assets	12,452,730	3,566,887	17,390,864	4,433,380	37,843,862
Deferred outflows of resources - pensions	60,004	20,733	105,631	20,733	207,100
Total assets and deferred outflows of resources	\$ 12,512,734	3,587,620	17,496,494	4,454,113	38,050,962
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:					
Liabilities:					
Current liabilities:					
Accounts payable	\$ 50,807	38,051	507,602	408	596,869
Accrued liabilities	-	25,262	33,247	-	58,509
Accrued interest payable	43,036	5,809	15,979	4,392	69,217
Customer security deposits	176,351	-	-	-	176,351
Long-term debt, current position	318,700	71,003	418,000	63,300	871,003
Total current liabilities	588,895	140,125	974,828	68,100	1,771,948
Non-current liabilities:					
Compensated absences	24,558	7,673	52,441	8,531	93,203
Long-term debt, long-term portion	4,723,600	-	4,926,000	239,400	9,889,000
Net pension liability	26,180	9,046	46,087	9,046	90,358
Total non-current liabilities	4,774,338	16,719	5,024,527	256,976	10,072,560
Total liabilities	5,363,233	156,844	5,999,355	325,076	11,844,508
Deferred inflows of resources - pensions	1,363	471	2,399	471	4,704
Total liabilities and deferred inflows of resources	5,364,596	157,315	6,001,755	325,547	11,849,212
NET POSITION:					
Net investment in capital assets	4,627,503	1,445,800	7,252,967	3,621,710	16,947,980
Restricted for debt service	836,303	-	-	-	836,303
Restricted for capital outlay	1,173,577	317,119	2,726,593	259,441	4,476,730
Unrestricted	510,756	1,667,386	1,515,180	247,414	3,940,736
Total net position	7,148,139	3,430,305	11,494,740	4,128,566	26,201,749
Total liabilities, deferred inflows of resources and net position	\$ 12,512,734	3,587,620	17,496,494	4,454,113	38,050,962

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

Santa Clara City
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Total Enterprise Funds
Operating income:					
Charges for sales and service	\$ 1,973,785	912,990	8,776,185	593,079	12,256,039
Other operating income	115,770	71,250	266,847	3,208	457,075
Total operating income	2,089,556	984,240	9,043,032	596,287	12,713,114
Operating expenses:					
Personnel services	698,596	213,128	1,056,523	216,528	2,184,775
Wastewater treatment	-	445,609	-	-	445,609
Wholesale power purchases	-	-	5,208,153	-	5,208,153
Operating and maintenance	485,901	41,030	834,306	72,879	1,434,115
Professional services	148,091	37,499	39,438	19,281	244,309
Insurance expense	50,000	30,000	82,549	25,000	187,549
Other supplies and expenses	52,377	10,484	141,442	8,625	212,929
Franchise fees	-	-	483,021	-	483,021
Administrative	75,882	36,737	77,136	22,079	211,834
Depreciation expense	566,771	128,035	740,505	196,238	1,631,549
Total operating expense	2,077,618	942,522	8,663,073	560,630	12,243,843
Net operating income (loss)	11,938	41,718	379,959	35,657	469,271
Non-operating income (expense)					
Impact fees	280,118	89,860	822,782	101,855	1,294,615
Interest income	40,654	10,438	131,460	14,793	197,345
Interest on long-term debt	(131,329)	(7,013)	(91,318)	(13,359)	(243,019)
Total non-operating income (expense)	189,443	93,285	862,924	103,288	1,248,940
Income before contributions and transfers	201,381	135,003	1,242,883	138,945	1,718,212
Capital contributions	813,588	396,183	337,517	261,198	1,808,487
Transfers out	(30,000)	-	-	(25,000)	(55,000)
Change in net position	984,969	531,186	1,580,400	375,143	3,471,699
Net position - beginning	6,163,169	2,899,119	9,914,340	3,753,422	22,730,051
Net position - ending	\$ 7,148,139	3,430,305	11,494,740	4,128,566	26,201,749

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

Santa Clara City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Total Enterprise Funds
Cash flows from operating activities:					
Cash received from customers - service	\$ 2,064,030	977,704	9,003,838	590,485	12,636,057
Cash paid to suppliers	(860,345)	(597,343)	(7,298,191)	(152,059)	(8,907,939)
Cash paid to employees	(702,128)	(216,035)	(1,070,961)	(220,406)	(2,209,529)
Net cash provided (used) in operating activities	501,557	164,326	634,686	218,020	1,518,589
Cash flows from noncapital financing activities:					
Net interfund activity	(30,000)	25,000	-	(177,401)	(182,401)
Change in customer deposits	15,150	-	-	-	15,150
Net cash provided (used) in noncapital financing activities	(14,850)	25,000	-	(177,401)	(167,251)
Cash flows from capital and related financing activities:					
Impact fees and capital contributions	1,093,706	486,043	1,160,299	363,053	3,103,102
Payments for capital assets	(1,134,026)	(396,183)	(5,632,704)	(375,334)	(7,538,247)
Payments for long-term debt principal	(309,435)	(69,467)	(412,000)	(59,758)	(850,659)
Payments for long-term debt interest	(131,329)	(7,013)	(91,318)	(13,359)	(243,019)
Net cash provided (used) in capital and related financing activities	(481,084)	13,381	(4,975,722)	(85,398)	(5,528,823)
Cash flows from investing activities:					
Cash received from interest earned	40,654	10,438	131,460	14,793	197,345
Net cash provided (used) in investing activities	40,654	10,438	131,460	14,793	197,345
Net increase (decrease) in cash	46,277	213,145	(4,209,576)	(29,986)	(3,980,140)
Cash balance, beginning	2,207,786	1,675,925	7,349,430	472,084	11,705,225
Cash balance, ending	\$ 2,254,063	1,889,070	3,139,854	442,098	7,725,085
Cash reported on the statement of net position:					
Cash and cash equivalents	\$ 244,183	1,571,951	413,261	182,657	2,412,052
Non-current restricted cash	2,009,880	317,119	2,726,593	259,441	5,313,033
Total cash and cash equivalents	\$ 2,254,063	1,889,070	3,139,854	442,098	7,725,085

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

Santa Clara City
STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)
For the Year Ended June 30, 2023

Reconciliation of Operating Income to Net Cash Provided (Used) in Operating Activities:

	Water Fund	Sewer Fund	Electric Fund	Storm Water Fund	Total Enterprise Funds
Net operating income (expense)	\$ 11,938	41,718	379,959	35,657	469,271
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:					
Depreciation and amortization	566,771	128,035	740,505	196,238	1,631,549
Changes in assets and liabilities:					
(Increase) decrease in receivables	(25,526)	(6,536)	(39,194)	(5,802)	(77,057)
(Increase) decrease in inventory	-	-	(10,415)	-	(10,415)
(Increase) decrease in net pension asset	172,090	44,693	240,861	45,473	503,118
(Increase) decrease in deferred outflows	17,634	(330)	4,041	9	21,354
Increase (decrease) in payables	(48,094)	4,016	(421,732)	(4,195)	(470,005)
Increase (decrease) in compensated absences	977	1,495	5,456	374	8,301
Increase (decrease) in net pension liability	26,180	9,046	46,087	9,046	90,358
Increase (decrease) in deferred inflows	(220,412)	(57,811)	(310,882)	(58,780)	(647,885)
Net cash provided (used) in operating activities	\$ 501,557	164,326	634,686	218,020	1,518,589

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

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

The City of Santa Clara (the City), a municipal corporation located in Washington County, Utah, operates under a Mayor-Council form of government. The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable because of the significance of their operational or financial relationships with the City.

The City financial statements include the **Municipal Building Authority of Santa Clara** (MBA) as a blended component unit. The MBA was created by the City for the purpose of financing and leasing facilities to meet the needs of the City. Members of the Town Council serve as the Board of Directors of the MBA, and City management has operational responsibility for the MBA.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are 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.

The statement of net position reports the financial position of the governmental and business-type activities of the City and its discretely presented component units at year-end.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege 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.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, 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 statement.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1-C. Measurement focus, basis of accounting and financial statement presentation

The financial statements of the City are prepared in accordance with generally accepted accounting principles (GAAP).

The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, generally including the reclassification of internal activity (between or within funds). However, internal eliminations do not include utility services provided to City departments or payments to the general fund by other funds for providing administrative and billing services for such funds. Reimbursements are reported as reductions to expenses. Proprietary and any fiduciary fund financial statements are also reported using this same focus and basis of accounting although internal activity is not eliminated in these statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax revenues are recognized in the year for which they are levied while grants are recognized when the grantor eligibility requirements are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be 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.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating income and expense reported in proprietary fund financial statements include those revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of providing goods or services, including administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

Policy regarding use of restricted resources

When faced with a choice, it is the City's policy to use restricted resources first, then committed and assigned amounts before spending unassigned amounts. Restricted assets and liabilities payable from restricted assets current in nature are reported with current assets and current liabilities.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental fund:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *impact fees special revenue fund* is used to account for the collection and use of impact fees related to the City's governmental activities.

Proprietary funds

The City reports the following major and non-major proprietary funds:

The *water fund* is used to account for the activities of the culinary water production, treatment and distribution.

The *sewer fund* is used to account for the activities of the sewer collection and treatment operations.

The *electric fund* is used to account for the activities of the electric power distribution operations.

The *storm water fund* accounts for the activities of the City's storm water operations.

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity

1-E-1. Deposit and Investments

Cash includes cash on hand, demand deposits with bank and other financial institutions, deposits in other types of accounts or cash management pools that have the general characteristics of demand deposit accounts and short-term investments with original maturities of three months or less from the date of acquisition. The City's policy allows for investment in fund in time certificates of deposit with federally insured depositories, investment in the state treasurer's pool, and other investments as allowed by the State of Utah's Money Management Act. All investments are carried at fair value with unrealized gains and losses recorded as adjustments to interest earnings. Fair market values are based on quoted market prices.

1-E-2. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

1-E-3. Receivables and Payables

In the Water, Sewer, Electric, and Storm Water funds, the City records utility revenues billed to customer when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2022 were estimated based upon July billings and are included in the operating revenues and accounts receivable at year end. Due to the nature of the accounts receivable in the governmental and business-type activities of the City, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

During the course of operations, there may be transactions that occur between funds that are representative of lending/borrowing arrangements outstanding at year-end. These are reported as either due to or due from other funds.

Property taxes are assessed and collected for the City by Washington County and remitted to the City shortly after collection. Property taxes become a lien on January 1 and are levied on the first Monday in August. Taxes are due and payable on November 1, and are delinquent after November 30. All dates are in the year of levy.

1-E-4. *Restricted Assets*

In accordance with certain revenue bond covenants, resources may be required to be set aside for the repayment of such bonds, and, on occasion, for the repair and maintenance of the assets acquired with the bond proceeds. These resources are classified as restricted assets on the balance sheet because of their limited use. Most capital grant agreements mandate that grant proceeds be spent only on capital assets. Unspent resources of this nature are also classified as restricted. The limited use resources described above involve a reported restriction of both cash and net assets.

Unspent proceeds of bonds issued to finance capital assets are also reported as restricted cash.

1-E-5. *Inventories and Prepaid items*

Inventories in governmental funds are not reported. These consist of immaterial amounts of expendable supplies for consumption. Such supplies are acquired as needed. Proprietary fund inventories, where material, are stated at the lower of cost or market, using the first-in, first-out basis.

Prepaid items record payments to vendors that benefit future reporting and are reported on the consumption basis. Both inventories and prepayments are similarly reported in government-wide and fund financial statements.

1-E-6. *Capital Assets*

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and 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 \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure is depreciated.

The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend the assets' life is not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Upon retirement or disposition of capital assets, the cost and related accumulated depreciation are removed from the respective accounts. Depreciation of capital assets is computed using the straight-line method over their estimated useful lives.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity (continued)

Property, plant, and equipment of the primary government, as well as the component units if any, is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20-50
Machinery and equipment	5-20
Infrastructure	5-8
Autos and trucks	15-40

1-E-7. Long-term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond discounts or premiums, and the difference between the reacquisition price and the net carrying value of refunded debt are deferred and amortized over the terms of the respective bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

The governmental fund financial statements recognize the proceeds of debt and premiums as other financing sources of the current period.

1-E-8. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation pay and comp time. The liability for these compensated absences is recorded as long-term liabilities and as expenses in the government-wide statements and in the proprietary fund statements. No expenditures are reported for these amounts in the governmental fund statements. Accumulated unpaid vacation pay and comp time are accrued based upon the City's expected legal obligation as of the statement date.

1-E-9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes include a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City reports deferred outflows of resources relating to pensions as required by GASB 68.

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has two types of items that qualify for reporting in this category. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period for which they are levied. The City also reports deferred inflows related to pensions as required by GASB 68.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

1-E-10. Pensions

For purposes of measuring the 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.

1-E-11. Net position flow assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted - net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted - net position to have been depleted before unrestricted – net position is applied.

1-E-12. Fund balance flow assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to reports as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using and of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

1-E-13. Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the City that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

**1-E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position or Equity
(continued)**

Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The council has authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Unassigned fund balance is a residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to a specific purpose within the General Fund.

1-F. Revenues and expenditures/expenses

Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property taxes

Property taxes are collected by Washington County Treasurer and remitted to the City in monthly installments. Taxes levied each October on the taxable value listed as of the prior January 1 (lien date) for all real property located in the City. Taxable values are established by the County Assessor at a percent of the fair market value on primary residential property and 100 percent of the fair market value of non-primary residential property. A revaluation of all property is required to be completed no less than every five years. Taxes are due and payable on November 1 and delinquent after November 30 of each year, at which time they become liens if not paid.

Compensated absences

For governmental funds, amounts of vested or accumulated vacation and comp time that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and comp time in the proprietary funds are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide and the individual fund financial statements. Accumulated unpaid vacation pay and comp time are accrued based upon the City's expected legal obligation as of the statement date. No provision is made for accumulated sick leave because the City is not obligated to pay accumulated sick leave upon termination or retirement.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

1-F. Revenues and expenditures/expenses (continued)

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from *nonoperating* 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. The principal operating revenues of the water fund, sewer fund, electric fund and storm water fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

1-G. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and the accompanying notes. Actual results may differ from those estimates.

1-H. New Pronouncements

For the year ended June 30, 2023, the City implemented the provisions of GASB Statement No. 87, Leases. GASB Statement No. 87 improves accounting and financial reporting for leases by governments. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. The Statement also establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

Annual budgets are prepared and adopted by ordinance by total for each department, in accordance with State law, by the Mayor and City Council on or before June 22 for the following fiscal year beginning July 1. Estimated revenues and appropriations may be increased or decreased by resolution of the City Council at any time during the year. A public hearing must be held prior to any proposed increase in a fund's appropriations. Budgets include activities in the General Fund. The level of the City's budgetary control (the level at which the City's expenditures cannot legally exceed appropriations) is established at the department level. Each department head is responsible for operating within the budget for their department. All annual budgets lapse at fiscal year end.

Utah State law prohibits the appropriation of unassigned General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received to meet emergency expenditures, and to cover unanticipated deficits. Any unassigned General Fund balance greater than 25% of the current year's revenues must be appropriated within the following years.

Once adopted, budget amendments which increase total expenditures must be approved by the City Council following a public hearing. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

2-B. Deficit fund balance or net position

As of June 30, 2023, none of the City’s funds carry a deficit fund balance or net position.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2023, consist of the following:

	Fair Value
Cash on hand	\$ 600
Cash in bank	6,569,611
State Treasurer's Investment Pool	11,043,458
Total cash	<u><u>\$ 17,613,669</u></u>

Cash and investments listed above are classified in the accompanying government-wide statement of net position as follows:

Cash and cash equivalents (current)	\$ 6,246,791
Restricted cash and cash equivalents (non-current)	11,366,878
Total cash and cash equivalents	<u><u>\$ 17,613,669</u></u>

Investments are recorded at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

The Utah Money Management Act (UMMA) establishes specific requirements regarding deposits of public funds by public treasurers. UMMA requires that city funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invested in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares. The City maintains monies not immediately needed for expenditure in PTIF accounts.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3-A. Deposits and investments (continued)

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. 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. At June 30, 2023, the City had \$8,730,121 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

The City maintains no investment policy containing any specific provisions intended to limit the City's exposure to interest rate risk, credit risk, and concentration of credit risk other than that imposed by UMMA. The City's compliance with the provisions of UMMA addresses each of these risks.

Interest rate risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investments of the City are available immediately.

Credit risk

Credit risk is the risk that an issuer of an investment will not fulfill its obligations. As noted on the previous page, PTIF is unrated.

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2023, \$500,000 of the City's demand deposits of \$8,850,751 are covered by FDIC insurance.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. The City views its placements of moneys in PTIF as deposits, however, this risk is addressed through the policy of investing most excess monies in PTIF accounts.

Concentration of credit risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 2,091,942	-	-	2,091,942
Construction in progress	8,506	77,078	-	85,584
Total capital assets, not being depreciated	2,100,448	77,078	-	2,177,526
Capital assets, being depreciated:				
Buildings	7,552,192	-	-	7,552,192
Improvements other than buildings	10,210,837	-	-	10,210,837
Machinery and equipment	1,645,731	161,624	47,000	1,760,354
Vehicles	1,683,916	80,037	192,420	1,571,533
Office equipment	443,817	259,913	-	703,729
Artwork	198,491	-	-	198,491
Infrastructure	31,442,532	670,614	-	32,113,145
Total capital assets, being depreciated	53,177,515	1,172,187	239,420	54,110,282
Less accumulated depreciation for:				
Buildings	3,855,952	255,281	-	4,111,232
Improvements other than buildings	3,326,219	489,526	-	3,815,746
Machinery and equipment	1,040,919	120,348	47,000	1,114,267
Vehicles	1,205,265	124,785	192,420	1,137,630
Office equipment	392,649	54,677	-	447,326
Artwork	90,481	6,616	-	97,097
Infrastructure	26,305,432	392,901	-	26,698,333
Total accumulated depreciation	36,216,917	1,444,134	239,420	37,421,631
Total capital assets being depreciated, net	16,960,598	(271,947)	-	16,688,651
Governmental activities capital assets, net	\$ 19,061,046	(194,869)	-	18,866,176

Depreciation expense was charged to functions/programs of the primary government governmental activities was follows:

Governmental activities:	
General government	\$ 300,843
Public safety	101,724
Streets and public works	472,036
Parks, recreation and public property	569,530
Total	\$ 1,444,134

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3-C. Capital assets (continued)

Capital asset activity for the business-type activities was as follows:

Business-type activities	Beginning Balance	Additions	Retirements/ Corrections	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 706,984	-	-	706,984
Water rights	780,875	-	-	780,875
Construction in progress	772,702	172,366	358,309	586,759
Total capital assets, not being depreciated	2,260,561	172,366	358,309	2,074,618
Capital assets, being depreciated:				
Buildings and improvements	385,260	-	-	385,260
Water distribution system	18,370,046	1,037,329	-	19,407,375
Sewer collection and treatment system	2,408,075	396,183	-	2,804,258
Electric distribution system	15,276,847	5,654,692	-	20,931,540
Storm water system	4,658,918	375,334	-	5,034,252
Machinery and equipment	1,516,318	208,947	-	1,725,265
Vehicles	1,743,473	51,923	-	1,795,396
Total capital assets, being depreciated	44,358,937	7,724,409	-	52,083,346
Less accumulated depreciation for:				
Buildings and improvements	129,093	11,498	-	140,591
Water distribution system	10,269,505	515,722	(335)	10,785,562
Sewer collection and treatment system	1,647,396	67,326	-	1,714,723
Electric distribution system	9,189,820	622,860	116	9,812,563
Storm water system	1,793,224	175,026	-	1,968,250
Machinery and equipment	701,017	100,452	-	801,469
Vehicles	1,088,159	138,665	-	1,226,824
Total accumulated depreciation	24,818,213	1,631,549	(219)	26,449,981
Total capital assets being depreciated, net	19,540,724	6,092,860	219	25,633,365
Business-type activities capital assets, net	\$ 21,801,285	6,265,226	358,528	27,707,982

Depreciation expense was charged to functions/programs of the primary government business-type activities was follows:

Business-type activities:	
Water	\$ 566,771
Sewer	128,035
Electric	740,505
Storm water	196,238
Total	\$ 1,631,549

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

3-D. Long-term debt

Long-term debt activity for the governmental activities was as follows:

	%	Beginning			Ending	Due
	Rate	Balance	Additions	Reductions	Balance	Within One Year
2021 Sales Tax Revenue Bonds						
Matures 3/1/2036	1.70	\$ 2,097,000	-	134,000	1,963,000	136,000
2019 Lease Revenue Refunding Bonds						
Matures 10/1/2033	2.76	2,537,000	-	182,000	2,355,000	187,000
Lease Liabilities						
Maturity Varies	6.00	-	44,538	5,639	38,899	8,170
2012 Excise Tax Road Revenue Bonds						
Matured 2022	-	50,000	-	50,000	-	-
Total governmental activity						
long-term liabilities		\$ 4,684,000	44,538	371,639	4,356,899	331,170

Debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2024	\$ 331,170	97,900	429,070
2025	338,673	89,854	428,527
2026	347,208	81,605	428,813
2027	354,776	73,134	427,910
2028	357,072	64,597	421,668
2029 - 2033	1,892,000	194,349	2,086,349
2034 - 2036	736,000	20,197	756,197
Total	\$ 4,356,899	621,636	4,978,535

The City has direct borrowings related to governmental activities totaling \$4,318,000. The outstanding bonds are secured with their respective revenues and/or property and equipment.

The City has no unused lines of credit as of June 30, 2023.

Lease Liabilities

During the current fiscal year, the City began recording leased equipment as long-term liabilities due to the implementation of GASB 87. The City leases three copiers and a postage meter. The leases range from 4 years to 5 years and the combined annual lease payment is \$10,281 with interest of 6.0%. The City recognized \$44,538 in lease proceeds and \$5,639 as paid on the lease principal during the year, resulting in a lease liability at year-end of \$38,899. Requirements to maturity for the leased equipment is included in the schedule above.

The City also recognized leased assets totaling \$44,538 during the year, with accumulated depreciation \$5,764.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

3-D. Long-term debt (continued)

Long-term debt activity for the business-type activities was as follows:

	%	Beginning			Ending	Due
	Rate	Balance	Additions	Reductions	Balance	Within One Year
2021 Electric Revenue Refunding Bonds						
Matures 2031	1.38	\$ 3,224,000	-	370,000	2,854,000	369,000
2021B Electric Revenue Bonds						
Matures 2035	1.83	2,532,000	-	42,000	2,490,000	49,000
2018 Sewer Truck Loan						
Matures 2024	3.05	140,469	-	69,467	71,003	71,003
2012 Water and Storm Water Revenue Bonds						
Matures 2027	2.748-3.66	1,213,000	-	204,000	1,009,000	211,000
2012 E & F Water Revenue Refunding Bonds						
Matures 2043	2.50	4,506,000	-	170,000	4,336,000	171,000
Less bond discounts		(24,038)	-	(4,808)	(19,230)	-
Total business-type activity						
long-term liabilities		\$ 11,591,431	-	850,659	10,740,772	871,003

Bond debt service requirements to maturity for business-type activities are as follows:

	Principal	Interest	Total
2024	\$ 871,003	158,273	1,029,275
2025	815,000	140,635	955,635
2026	830,000	125,221	955,221
2027	846,000	109,399	955,399
2028	738,000	95,011	833,011
2029 - 2033	3,226,000	333,364	3,559,364
2034 - 2038	1,823,000	128,338	1,951,338
2039 - 2043	991,000	65,375	1,056,375
2044 - 2046	620,000	6,800	626,800
Total	\$ 10,760,003	1,162,416	11,922,419

The City has outstanding notes from direct borrowings related to business-type activities totaling \$10,740,772. The outstanding direct borrowings are all secured with their respective revenues and/or property and equipment.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

3-D. Long-term debt (continued)

Other long-term liabilities:

Compensated absences:	Increase		
	Beginning	(Decrease)	Ending
Governmental	\$ 91,004	22,422	113,426
Business-type	84,901	8,302	93,203
Total	\$ 175,905	30,724	206,629

Net pension liability:	Increase		
	Beginning	(Decrease)	Ending
Governmental	\$ -	239,776	239,776
Business-type	-	90,358	90,358
Total	\$ -	330,134	330,134

3-E. Lease receivable

During the current fiscal year, the City began recording one property lease to a third party due to the implementation of GASB 87. The lease is for 17 years and the City will receive monthly payments from the third party in the amount of \$1,529. The City recognized \$18,099 in lease revenue and \$1,329 in interest revenue during the current fiscal year related to these leases. As of June 30, 2023, the City's receivable for lease payments was \$37,191. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of June 30, 2023, the balance of the deferred inflow of resources was \$36,299. Requirements to maturity are as follows:

	Principal	Interest	Total
2024	\$ 16,567	1,781	18,348
2025	17,589	759	18,348
2026	3,035	23	3,058
Total	\$ 37,191	2,563	39,754

3-F. Interfund receivables, payables and transfers

The City had the following interfund receivables and payables at year-end:

	Due To	Due From
General fund	\$ -	50,000
Sewer fund	50,000	-
Total	\$ 50,000	50,000

With the exception of the interfund loan described below, interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

In 2017, the sewer fund loaned the general fund \$250,000 to finance the purchase of land. The loan bears interest at 2.0% and is payable in 10 installments ranging from \$29,500 to \$25,500.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

3-F. Interfund receivables, payables and transfers (continued)

The City had the following interfund transfers during the year:

	Transfers In	Transfers Out
General fund	\$ 25,000	836,606
Impact fees fund	30,000	-
Capital projects fund	836,606	-
Water fund	-	30,000
Storm water fund	-	25,000
Total	\$ 891,606	891,606

Transfers are used to (1) move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted for debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 4 - OTHER INFORMATION

4-A. 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; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Contracts

The City has entered into various contracts for its Sewer, Water, Garbage and Electric Utility Funds. A few of the more significant contracts are as follows:

The City has entered into a 25-year wastewater service contract with St. George City, which originally expired in April, 2012. This contract was renewed and an automatic renewal will occur each year until written notice is given. St. George City provides the use of a connecting system to transport the City's wastewater to the St. George City treatment plant where it is treated for the City in exchange for a monthly service charge.

The City has also entered into an interlocal agreement (Snow Canyon Water Project Interlocal Compact) wherein the City reimburses their share of operating and maintenance cost to St. George City based upon Santa Clara's proportionate ownership/usage of water in the compact.

The City also has a solid waste collection and disposal contract with Washington County Special Service District No. 1 (the District). The contract provides for a subcontractor to collect and dispose of residential and commercial solid waste within the City. In connection with the agreement, the City is responsible for the monthly billing, collection, and payment of residential collections to the District.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-B. Contracts (continued)

Additionally, as a member of the Utah Association of Municipal Power System (UAMPS), the City has entered into the San Juan Power Sales Contract (the Power Sales contract) in order to obtain a long-term supply of firm electric energy for the City. The City purchases electricity from UAMPS in exchange for monthly usage fees based on kilowatt hours used.

4-C. Jointly Governed Organization

The City, in conjunction with 38 other governmental entities that provide for the purchase and transmission of electrical services, created the Utah Association of Municipal Power System (UAMPS). UAMPS owns an interest in various power generation entities as well as coordinating the purchase of additional power on the open spot-market. The UAMPS board is comprised of one member from each participating entity (dependent on the particular projects which an entity elects to participate in). Except for minimum purchase requirements, no participant has any obligation, entitlement, or residual interest. The City's electric utility fund purchased power totaling \$5,208,153.

4-D. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. Due to the uncertainty of these items and inability of management to estimate an amount for which the City may be liable, the City has not recognized on the financial statements any amount related to contingent liabilities at June 30, 2023.

4-E. Commitments/Subsequent Events

The City is committed to participate in the Regional Water Line Project. The City incurred \$26,048 in cost during the current audit period and their future ownership costs are expected to be \$267,578 or approximately \$25,000 annually for 5.5 years.

The City is a member of the Utah Association of Municipal Power System (UAMPS), a political subdivision of the State of Utah created to secure electric power for the members of UAMPS. As a member, the City has entered into power supply agreements with respect to various projects in which UAMPS participated. The total cost of the power the City will be required to purchase in the future is not determinable, however, at a minimum, in connection with these power supply agreements, the City will be required to fund debt service on the UAMPS bonds which, at June 30, 2023 had an outstanding balance of \$98,462,506. The City's share of this amount is \$3,285,694.

As a member of UAMPS, the City has committed to participate in various projects. The City has made a down payment on the projects of \$300,000. The City's share of the debt related to this projects is disclosed above. The City is also participating with UAMPS to investigate the feasibility of other power projects involving wind, solar, hydro, natural gas, and nuclear generation of power. If any of these projects prove to be viable, the City could participate and incur the associated costs.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

4-F. Pension Plans

Plan description:

Eligible plan participants are provided with pensions through the Utah Retirement Systems. The Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- Firefighters Retirement System (Firefighters System) are multiple employer, cost sharing, retirement systems.
- 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) is a multiple employer cost sharing public employee retirement system.

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 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 can be obtained by writing Utah Retirement Systems, 560 E. 200 S, Salt Lake City, Utah 84102 or visiting the website: www.urs.org/general/publications.

Benefits provided:

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

System	Final Average Salary	Years of service required and/or age eligible for benefit	Benefit percentage per year of service	COLA **
Noncontributory System	Highest 3 Years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Firefighters System	Highest 3 Years	20 years any age 10 years age 60 4 years age 65	2.5%/year up to 20 years; 2.0%/year over 20 years	Up to 2.5 % or 4% depending on employer
Tier 2 Public Employees System	Highest 5 Years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.5%
Tier 2 Public Safety and Firefighter System	Highest 5 Years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020; 2.0% per year after July 2020	Up to 2.5%

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

4-F. Pension Plans (continued)

* with actuarial reductions

** All past-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.

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

Contribution rates as of June 30, 2023, are as follows:

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

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

For the fiscal year ended June 30, 2023, the employer and employee contributions to the Systems were as follows:

<u>System</u>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 218,669	N/A
Firefighter System	5,962	24,854
Tier 2 Public Employees System	199,201	-
Tier 2 Public Safety and Firefighter	119,191	21,672
Tier 2 DC Only System	7,911	N/A
Tier 2 Public Safety and Firefighter System	71	N/A
Total Contributions	\$ 551,005	46,526

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.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

4-F. Pension Plans (continued)

Combined Pension Assets, Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2023, we reported a net pension asset of \$81,019 and a net pension liability of \$330,134.

	(Measurement Date): December 31, 2022				
	Net Pension	Net Pension	Proportionate	Proportionate	Change
	Asset	Liability	Share	Share	(Decrease)
	12/31/2021	12/31/2021	12/31/2021	12/31/2021	12/31/2021
Noncontributory System	\$ -	\$ 259,160	0.1513124%	0.1507209%	0.0005915%
Firefighters System	81,019	-	0.3119669%	0.3928870%	-0.0809201%
Tier 2 Public Employees System	-	54,565	0.0501107%	0.0387533%	0.0113574%
Tier 2 Public Safety and Firefighter	-	16,409	0.1966880%	0.1106184%	0.0860696%
Total	\$ 81,019	\$ 330,134			

The net pension asset and liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2022 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2023, we recognize pension expense of \$274,560.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 128,544	\$ 8,020
Changes in assumptions	80,634	2,818
Net difference between projected and actual earnings on pension plan investments	231,645	-
Changes in proportion and differences between contributions and proportionate share of contributions	33,420	6,350
Contributions subsequent to the measurement date	282,426	-
Total	\$ 756,669	\$ 17,188

\$282,426 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-F. Pension Plans (continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (29,551)
2024	28,589
2025	102,917
2026	325,471
2027	5,341
Thereafter	24,288

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

For the year ended June 30, 2023, we recognize pension expense of \$118,966.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 87,903	\$ -
Changes in assumptions	42,473	1,035
Net difference between projected and actual earnings on pension plan investments	170,945	-
Changes in proportion and differences between contributions and proportionate share of contributions	2,219	439
Contributions subsequent to the measurement date	108,899	-
Total	<u>\$ 412,439</u>	<u>\$ 1,474</u>

\$108,899 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (37,232)
2024	8,117
2025	68,662
2026	262,519
2027	-
Thereafter	-

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-F. Pension Plans (continued)

Firefighter System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, we recognize pension expense of (\$19,792).

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 14,296	\$ 414
Changes in assumptions	10,070	-
Net difference between projected and actual earnings on pension plan investments	21,676	-
Changes in proportion and differences between contributions and proportionate share of contributions	21,492	1,161
Contributions subsequent to the measurement date	3,157	-
Total	\$ 70,691	\$ 1,575

\$3,157 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2023	\$ 3,444
2024	10,978
2025	1,894
2026	32,643
2027	-
Thereafter	-

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-F. Pension Plans (continued)

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

For the year ended June 30, 2023, we recognize pension expense of \$104,455.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 18,430	\$ 2,165
Changes in assumptions	17,714	139
Net difference between projected and actual earnings on pension plan investments	21,999	-
Changes in proportion and differences between contributions and proportionate share of contributions	8,727	1,801
Contributions subsequent to the measurement date	107,958	-
Total	\$ 174,828	\$ 4,105

\$107,958 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ 2,979
2024	6,445
2025	10,330
2026	19,722
2027	4,615
Thereafter	18,675

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-F. Pension Plans (continued)

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

For the year ended June 30, 2023, we recognize pension expense of \$70,931.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 7,915	\$ 5,441
Changes in assumptions	10,377	1,644
Net difference between projected and actual earnings on pension plan investments	17,025	-
Changes in proportion and differences between contributions and proportionate share of contributions	982	2,950
Contributions subsequent to the measurement date	62,412	-
Total	\$ 98,711	\$ 10,035

\$62,412 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 1,258
2024	3,050
2025	5,032
2026	10,587
2027	726
Thereafter	5,612

Actuarial assumptions:

The total pension liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25 - 9.25 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

4-F. Pension Plans (continued)

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

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

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

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	6.58%	2.30%
Debt securities	20%	1.08%	0.22%
Real assets	18%	5.72%	1.03%
Private equity	12%	9.80%	1.18%
Absolute return	15%	2.91%	0.44%
Cash and cash equivalents	0%	-0.11%	0.00%
Totals	100.00%		5.17%
	Inflation		2.50%
	Expected arithmetic nominal return		7.67%

The 6.85% assumed investment rate of return is comprised of an inflation rate of 2.50%, a real return of 4.35% 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

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
 June 30, 2023

4-F. Pension Plans (continued)

Sensitivity of the proportionate share of the net pension asset and liability to changes in the discount rate:

The following presents the proportionate share of the net pension liability calculated using the discount rate of 6.85 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.85 percent) or 1-percentage-point higher (7.85 percent) than the current rate:

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 1,633,314	\$ 259,160	\$ (889,018)
Firefighters System	64,574	(81,019)	(199,172)
Tier 2 Public Employees System	238,420	54,565	(87,072)
Tier 2 Public Safety and Firefighter	131,346	16,409	(74,939)
Total	\$ 2,067,654	\$ 249,115	\$ (1,250,201)

Pension plan fiduciary net position:

Detailed information about the pension plan's fiduciary net position is available in the separately issued URS financial report.

Defined Contribution Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of 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 participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

- 401(k) Plan
- 457(b) Plan
- Roth IRA Plan

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, were as follows:

	2023	2022	2021
401(k) Plan			
Employer Contributions	\$ 57,951	\$ 42,608	\$ 37,959
Employee Contributions	68,452	66,595	86,216
457(b) Plan			
Employer Contributions	7,510	6,042	4,366
Employee Contributions	22,090	19,064	15,752
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	26,471	21,914	19,440

City of Santa Clara
NOTES TO FINANCIAL STATEMENTS
June 30, 2023

4-G. Rounding convention

A rounding convention to the nearest whole dollar has been applied throughout this report, therefore the precision displayed in any monetary amount is plus or minus \$1. These financial statements are computer generated and the rounding convention is applied to each amount displayed in a column, whether detail item or total. As a result, without the overhead cost of manually balancing each column, the sum of displayed amounts in a column may not equal the total displayed. The maximum difference between any displayed number or total and its actual value will not be more than \$1.

4-H. Related party transactions

During fiscal year 2023, the City paid Rosenberg Associates a total of \$60,361 for engineering services. Rosenberg Associates is owned by Rick Rosenberg who is currently serving as Mayor.

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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City of Santa Clara
Notes to Required Supplementary Information
June 30, 2023

Budgetary Comparison Schedules

The Budgetary Comparison Schedules presented in this section of the report are for the City's General Fund and Impact Fees Special Revenue Fund.

Budgeting and Budgetary Control

The budget for the General Fund is legally required and is prepared and adopted on the modified accrual basis of accounting.

Original budgets represent the revenue estimates and spending authority authorized by the City Council prior to the beginning of the year. Final budgets represent the original budget amounts plus any amendments made to the budget during the year by the Council through formal resolution. Final budgets do not include unexpended balances from the prior year because such balances automatically lapse to unreserved fund balance at the end of each year.

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2023, total expenditures for the general fund were within budgeted appropriations; however, the general government expenditures exceeded budget by \$55,187.

Changes in Assumptions Related to Pensions

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

City of Santa Clara
**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND**

For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 1,184,779	1,284,779	1,197,945	(86,834)
Sales	2,140,000	2,340,000	2,271,500	(68,500)
Other taxes	779,000	884,000	1,043,420	159,420
License and permits	212,250	533,300	656,069	122,769
Intergovernmental revenues	734,500	757,500	500,495	(257,005)
Charges for services	3,037,322	3,037,322	2,539,987	(497,335)
Fines and forfeitures	225,000	225,000	311,876	86,876
Interest	30,000	30,000	351,320	321,320
Miscellaneous revenue	75,600	115,075	141,590	26,515
Total revenues	8,418,451	9,206,976	9,014,202	(192,774)
EXPENDITURES:				
General government	1,563,370	1,721,916	1,777,103	(55,187)
Public safety	4,415,258	4,814,722	4,684,649	130,073
Streets and public works	1,059,765	1,254,280	1,142,158	112,122
Parks, recreation and public property	1,904,790	1,922,790	1,206,179	716,611
Community and economic development	89,009	107,009	105,771	1,238
Total expenditures	9,032,192	9,820,717	8,915,859	904,858
Excess (Deficiency) of Revenues over (Under) Expenditures	(613,741)	(613,741)	98,343	712,084
Other Financing Sources and (Uses):				
Sale of capital assets	-	-	120,250	120,250
Lease proceeds	-	-	44,538	44,538
Transfers in	-	-	25,000	25,000
Transfers out	-	-	(836,606)	(836,606)
Total other financing sources and (uses)	-	-	(646,818)	(646,818)
Net Change in Fund Balances	(613,741)	(613,741)	(548,475)	65,266
Fund balances - beginning of year	4,121,149	4,121,149	4,121,149	-
Fund balance - end of year	\$ 3,507,408	3,507,408	3,572,673	65,266

City of Santa Clara
**SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
 IMPACT FEES SPECIAL REVENUE FUND**
 For the Year Ended June 30, 2023

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Interest	\$ 5,500	5,500	103,051	97,551
Total revenues	5,500	5,500	103,051	97,551
EXPENDITURES:				
Public safety	124,500	124,500	-	124,500
Streets and public works	379,600	379,600	218,151	161,449
Parks, recreation and public property	292,600	292,600	-	292,600
Total expenditures	796,700	796,700	218,151	578,549
Excess (Deficiency) of Revenues over (Under) Expenditures	(791,200)	(791,200)	(115,100)	676,100
Other Financing Sources and (Uses):				
Impact fees	791,200	791,200	1,158,243	367,043
Transfers in	-	-	30,000	30,000
Total other financing sources and (uses)	791,200	791,200	1,188,243	397,043
Net Change in Fund Balances	-	-	1,073,143	1,073,143
Fund balances - beginning of year	2,479,455	2,479,455	2,479,455	-
Fund balance - end of year	\$ 2,479,455	2,479,455	3,552,598	1,073,143

City of Santa Clara
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 June 30, 2023
 Last 10 Fiscal Years*

	As of December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Noncontributory Retirement System									
Proportion of the net pension liability (asset)	0.1513124%	0.1507209%	0.1500318%	0.1508356%	0.1546589%	0.1418812%	0.1324804%	0.1397285%	0.1430226%
Proportionate share of the net pension liability (asset)	\$ 259,160	\$ (863,195)	\$ 76,958	\$ 568,480	\$ 1,138,865	\$ 621,624	\$ 850,686	\$ 790,652	\$ 621,038
Covered employee payroll	\$ 1,268,036	\$ 1,311,815	\$ 1,337,278	\$ 1,312,160	\$ 1,312,265	\$ 1,190,195	\$ 1,133,297	\$ 1,164,433	\$ 1,198,561
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.44%	-65.80%	5.75%	43.32%	86.79%	52.23%	75.06%	67.90%	51.82%
Plan fiduciary net position as a percentage of the total pension liability	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
Firefighters System									
Proportion of the net pension liability (asset)	0.3119669%	0.3928870%	0.4027346%	0.3776672%	0.3886043%	0.4050682%	0.3930163%	0.2134537%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ (81,019)	\$ (229,138)	\$ (112,613)	\$ (46,838)	\$ 50,459	\$ (25,299)	\$ (3,098)	\$ (3,866)	\$ -
Covered employee payroll	\$ 116,287	\$ 130,986	\$ 131,392	\$ 120,921	\$ 119,749	\$ 118,394	\$ 110,627	\$ 56,193	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-69.67%	-174.93%	-85.71%	-38.73%	42.14%	-21.37%	-2.80%	-6.88%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	108.40%	120.10%	110.50%	105.00%	94.30%	103.00%	100.40%	101.00%	0.00%
Tier 2 Public Employees Retirement System									
Proportion of the net pension liability (asset)	0.0501107%	0.0387533%	0.0318964%	0.0350541%	0.0325277%	0.0315360%	0.0246362%	0.0307646%	0.0324165%
Proportionate share of the net pension liability (asset)	\$ 54,565	\$ (16,402)	\$ 4,588	\$ 7,884	\$ 13,931	\$ 2,780	\$ 2,748	\$ (67)	\$ (982)
Covered employee payroll	\$ 1,092,117	\$ 718,929	\$ 509,909	\$ 487,062	\$ 379,389	\$ 308,303	\$ 202,035	\$ 198,763	\$ 158,967
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.00%	-2.28%	0.90%	1.62%	3.67%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement									
Proportion of the net pension liability (asset)	0.1966880%	0.1106184%	0.1127254%	0.1320884%	0.1118523%	0.0036548%	0.0322655%	0.0485649%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 16,409	\$ (5,591)	\$ 10,111	\$ 12,425	\$ 2,803	\$ (42)	\$ (280)	\$ (710)	\$ -
Covered employee payroll	\$ 605,165	\$ 264,531	\$ 224,139	\$ 217,702	\$ 149,623	\$ 3,846	\$ 26,658	\$ 28,961	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	2.71%	-2.11%	4.51%	5.71%	1.87%	-1.10%	-1.05%	-2.45%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	110.70%	0.00%

* In accordance with paragraph 81.a of GASB 68, employers will need to disclose a 10-year history of their proportionate share of the Net Pension Liability (Asset) in their RSI. The 10-year schedule will need to be built prospectively.

City of Santa Clara
SCHEDULE OF CONTRIBUTIONS

June 30, 2023
Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory System	2014	\$ 202,022	\$ 202,022	\$ -	\$ 1,168,435	17.29%
	2015	223,327	223,327	-	1,209,634	18.46%
	2016	207,823	207,823	-	1,125,190	18.47%
	2017	210,192	210,192	-	1,138,016	18.47%
	2018	232,513	232,513	-	1,263,370	18.40%
	2019	241,664	241,664	-	1,324,708	18.24%
	2020	233,715	233,715	-	1,307,007	17.88%
	2021	241,200	241,200	-	1,348,663	17.89%
	2022	232,873	232,873	-	1,323,100	17.60%
	2023	218,669	218,669	-	1,231,271	17.76%
Firefighters System	2016	4,058	4,058	-	101,703	3.99%
	2017	4,382	4,382	-	112,642	3.89%
	2018	4,925	4,925	-	125,318	3.93%
	2019	5,615	5,615	-	121,810	4.61%
	2020	5,960	5,960	-	126,208	4.72%
	2021	6,162	6,162	-	133,668	4.61%
	2022	4,864	4,864	-	105,504	4.61%
	2023	5,962	5,962	-	165,145	3.61%
Tier 2 Public Employees System*	2014	20,396	20,396	-	145,787	13.99%
	2015	25,814	25,814	-	172,785	14.94%
	2016	29,493	29,493	-	197,809	14.91%
	2017	35,964	35,964	-	241,204	14.91%
	2018	52,947	52,947	-	350,410	15.11%
	2019	67,125	67,125	-	431,813	15.54%
	2020	79,415	79,415	-	507,124	15.66%
	2021	93,667	93,667	-	592,957	15.80%
	2022	142,185	142,185	-	884,784	16.07%
	2023	199,201	199,201	-	1,244,230	16.01%
Tier 2 Public Safety and Firefighter System *	2016	5,127	5,127	-	47,696	10.75%
	2017	852	852	-	7,923	10.75%
	2018	7,985	7,985	-	73,802	10.82%
	2019	20,352	20,352	-	179,439	11.34%
	2020	25,721	25,721	-	226,016	11.38%
	2021	31,751	31,751	-	227,014	13.99%
	2022	50,366	50,366	-	357,715	14.06%
	2023	119,191	119,191	-	844,064	14.12%
Tier 2 DC Public Employees System *	2015	1,334	1,334	-	19,856	6.72%
	2016	2,570	2,570	-	38,421	6.69%
	2017	2,038	2,038	-	45,410	6.69%
	2018	4,257	4,257	-	63,626	6.69%
	2019	4,642	4,642	-	69,382	6.69%
	2020	2,579	2,579	-	38,544	6.69%
	2021	2,744	2,744	-	41,021	6.69%
	2022	4,783	4,783	-	71,495	6.69%
	2023	7,911	7,911	-	127,803	6.19%
Tier 2 DC Public Safety and Firefighter System *	2018	19	19	-	23,736	0.08%
	2019	45	45	-	56,590	0.08%
	2020	47	47	-	59,389	0.08%
	2021	50	50	-	63,169	0.08%
	2022	46	46	-	57,407	0.08%
	2023	71	71	-	88,226	0.08%

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

Contributions as a percentage of covered payroll may be different than the board certified rate due to rounding and other administrative practices.



**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***

The Honorable Mayor and
Members of the City Council
Santa Clara City, 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 Santa Clara City, Utah, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Santa Clara City, Utah's basic financial statements and have issued our report thereon dated October 26, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Santa Clara City, Utah's internal control over financial reporting (internal control) to determine the audit 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 Santa Clara City, Utah's internal control. Accordingly, we do not express an opinion on the effectiveness of Santa Clara City, Utah's internal control.

A *deficiency in internal control* exists when the design or operation of 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 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 that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Santa Clara City, Utah's financial statements are free from material misstatement, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Santa Clara City, Utah's Responses to Findings

Santa Clara City, Utah's responses to the findings identified in our audit are described in the Management's Response to the Findings as listed in the table of contents. Santa Clara City, Utah's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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.

HintonBurdick, PLLC

HintonBurdick, PLLC

St. George, UT

October 26, 2023



HINTONBURDICK
CPAs & ADVISORS

**Independent Auditor's Report on Compliance and
Report on Internal Control Over Compliance
As Required by the *State Compliance Audit Guide***

The Honorable Mayor and
Members of the City Council
Santa Clara City, Utah

Report On Compliance with General State Compliance Requirements

We have audited Santa Clara City, Utah's compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023.

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

- Budgetary Compliance
- Fund Balance
- Justice Court
- Restricted Taxes and Other Related Restricted Revenue
- Fraud Risk Assessment
- Governmental Fees

Management's Responsibility

Management is responsible for compliance with general 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 *Governmental Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City or its major state programs 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 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 General State Compliance Requirements

In our opinion, Santa Clara City, Utah, complied, in all material respects, with the compliance requirements referred to above for the year ended June 30, 2023.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide*. This item is included in our letter for Findings and Recommendations as item 2023-001.

Report on Internal Control Over Compliance

Management of Santa Clara City, Utah is responsible for establishing and maintaining effective internal control over compliance with the state compliance requirements referred to above. In planning and performing our audit, we considered the City's internal control over compliance with the state compliance requirements referred to above to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with these 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 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.

HintonBurdick, PLLC

HintonBurdick, PLLC

St. George, UT

October 26, 2023



**Findings and Recommendations
For the Year Ended June 30, 2023**

The Honorable Mayor and
City Council
City of Santa Clara, Utah

Ladies and Gentlemen:

During our audit of the funds of the City of Santa Clara, Utah, for the fiscal year ended June 30, 2023, we noted improvements to the City's accounting and budgeting system and wish to commend the City for their achievements. We also observed an item needing corrective action in order for the City to be in compliance with laws and regulations. This item is discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Material Weaknesses:

None noted

Significant Deficiencies:

None noted

COMPLIANCE AND OTHER MATTERS

State Compliance Findings:

2023-001. Expenditures in Excess of Budget

Criteria: The *Uniform Fiscal Procedures Act for Utah Cities* requires Cities to restrict expenditures to total appropriations for any Fund or Department.

Condition: The expenditures of the General Government Department of the City's General Fund exceeded final its final appropriations by \$55,187 as is shown on the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, as listed in the City's table of contents.

Cause: The City closely monitors expenditures and amends the budget as needed. However, year-end closing accounting entries caused the General Government Department to exceed budget.

Effect: The City is not in compliance with State law.

Recommendation: We recommend that the City continue its efforts to operate within the confines of State law by limiting expenditures and amending the budget when needed.

Other Matters:

None noted

This letter is intended solely for the use of the Mayor, City Council and management and is not intended to be used and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

It has been a pleasure to be of service to the City this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

HintonBurdick, PLLC

HintonBurdick, PLLC

October 26, 2023

Management Responses to the Findings and Recommendations

2023-001. Expenditures in Excess of Budget

Criteria: *The Uniform Fiscal Procedures Act for Utah Cities* requires Cities to restrict expenditures to total appropriations for any Fund or Department.

Condition: The expenditures of the General Government Department of the City's General Fund exceeded final its final appropriations by \$55,187 as is shown on the Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual, as listed in the City's table of contents.

Cause: The City closely monitors expenditures and amends the budget as needed. However, year-end closing accounting entries caused the General Government Department to exceed budget.

Effect: The City is not in compliance with State law.

Recommendation: We recommend that the City continue its efforts to operate within the confines of State law by limiting expenditures and amending the budget when needed.

Response:

The City will be more careful to ensure expenditures do not exceed budget and will be extra thorough during the budget amendment process.