



FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2021

With Report of

Independent Certified Public Accountants

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FINANCIAL SECTION

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HINTONBURDICK
CPAs & ADVISORS

Independent Auditors' Report

The Honorable Mayor and
Members of the City Council
City of Santa Clara, Utah 84765

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clara, Utah, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Santa Clara, Utah as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Santa Clara, Utah's basic financial statements. The budgetary comparison schedules for the nonmajor governmental funds, combining and individual nonmajor fund financial statements and other supplementary information listed in the table of contents are presented for purpose of additional analysis and are not a require part of the basic financial statements.

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

The Bond Disclosures have not been subjected to the auditing procedures applied in an audit of the basic financial statements and accordingly, we express no opinion on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2021, on our consideration of the City of Santa Clara's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Santa Clara's internal control over financial reporting and compliance.



HintonBurdick, PLLC
St. George, Utah
December 22, 2021

City of Santa Clara City, Utah Management's Discussion and Analysis

This section of Santa Clara's annual financial report presents our discussion and analysis of the City's financial performance during the fiscal year that ended on June 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights/Executive Summary

- The assets plus deferred outflows of Santa Clara City exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$40,900,517 (net position). Of this amount, \$7,577,893 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- During the year, the City's net position increased by \$2,728,413. The majority of this increase resulted from improved economic conditions which contributed to higher tax revenue.
- As of the close of the current fiscal year, Santa Clara City's governmental funds reported combined ending fund balances of \$6,157,559.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,417,403.
- Santa Clara City's total bonds payable increased by \$250,000 (net) or 1.7% during the current fiscal year.
- At the end of the current fiscal year, Santa Clara City's general fund revenues exceeded expenditures by \$703,661.

Overview of Financial Statements

This annual report consists of three parts—management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the City:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the City's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the City government, reporting the City's operations in more detail than the government-wide statements:
 - The government funds statements tell how general government services like public safety were financed in the short term as well as what remains for future spending.
 - Proprietary fund statements offer short and long-term financial information about the activities the government operates like businesses. Santa Clara City, utilizing four proprietary funds, manages four business activities: water, sewer, electric and storm drain.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

Government-wide Statements. The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes *all* of the government's assets, deferred outflows, liabilities, and deferred inflows. All of the current year's revenue and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the City's *net position* and how they have changed. Net position- the difference between the City's assets plus deferred outflows and liabilities plus deferred inflows- is one way to measure the city's financial health.

- Over time, increases or decreases in the City's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To access the overall health of the City you need to consider additional non-financial factors such as changes in the City's property tax base and the condition of the City's roads.

The government-wide financial statements of the city are divided into two categories:

- *Governmental activities*-Most of the City's basic services are included here, such as public safety, public works, parks department and general administration. Property taxes, sales taxes, franchise fees and state and federal grants finance most of these activities.
- *Business-type activities*-The City charges fees to customers to help it cover the costs of services it provides. The City's water, sewer and electric activities are included here.

Fund Financial Statements. The fund financial statements provide more detailed information about the City's most significant *funds*--not the City as a whole. Funds are accounting devices that the City uses to keep track of specific sources (revenues) and uses (expenditures) of funding for particular purposes.

- Some funds are required by State law and by bond covenants.
- The City Council establishes other funds to control and manage money for particular purposes (like the City's special impact fee fund used to track collection and expenditure of certain impact fees).

The City has two kinds of funds:

- *Governmental funds*-Most of the City's basic services are included in governmental funds, which focus on (1) how *cash* and *other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at the year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explains the relationship (or differences) between them.
- *Proprietary funds*-Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long- and short-term financial information.
-In fact, the City's *enterprise funds* (one type of proprietary fund) are the same as its business-type activities, but provide more detail and additional information, such as cash flows.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Santa Clara, assets plus deferred outflows exceeded liabilities plus deferred inflows by \$40,990,517 at the close of the most recent fiscal year.

By far the largest portion of Santa Clara's net position, (72% for Government Activities & 50% for Business-Type Activities) reflects its investment in capital assets (e.g. land, buildings, equipment, etc.) less any related debt used to acquire those assets that is still outstanding. Santa Clara City uses these capital assets to provide services to citizens; consequently, these assets are not available for future

spending. Although Santa Clara’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental activities		Business-type activities	
	06/30/21	06/30/20	6/30/2021	6/30/2020
Current and other assets	\$ 8,614,907	\$ 6,341,976	\$ 11,698,765	\$ 9,522,592
Capital assets	20,107,465	21,220,033	19,935,036	19,455,157
Total assets	28,722,372	27,562,009	31,633,801	28,977,749
Deferred outflows of resources	176,024	332,531	183,501	188,501
Long-term liabilities outstanding	5,165,797	5,603,826	9,993,407	9,875,061
Other liabilities	1,426,122	1,321,779	1,515,208	895,376
Total liabilities	6,591,919	6,925,605	11,508,615	10,770,437
Deferred inflows of resources	1,361,879	998,525	352,768	194,119
Net position:				
Invested in capital assets, net of related debt	15,060,465	15,974,033	10,068,818	9,972,486
Restricted	3,729,269	2,151,408	4,464,072	3,872,306
Unrestricted	2,154,864	1,844,969	5,423,029	4,356,902
Total net position	\$ 20,944,598	\$ 19,970,410	\$ 19,955,919	\$ 18,201,694

<u>Net position type</u>	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Invested in capital assets, net of related debt	71.91%	50.46%	61.44%
Restricted net position	17.81%	22.37%	20.03%
Unrestricted net position	10.29%	27.17%	18.52%
Total net position	100.01%	100.00%	99.99%

An additional portion of Santa Clara’s net position (18% & 22% respectfully) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position*, \$7,577,893 (10% and 27% respectfully) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Santa Clara is able to report positive balances in all three categories of net position, for the primary government.

As shown below, governmental activities increased Santa Clara's net position by \$974,188 and business-type activities increased Santa Clara's net position by \$1,754,225 for the current fiscal year.

	Governmental activities		Business-type activities	
	6/30/2021	6/30/2020	6/30/2021	6/30/2020
Revenues:				
Program revenues:				
Charges for services	\$ 2,364,391	\$ 2,787,212	\$ 9,809,685	\$ 8,486,253
Operating grants and contributions	1,803,291	1,368,483	-	-
Capital grants and contributions	1,382,274	716,881	1,157,446	548,962
General revenues:				
Taxes	3,748,126	3,047,257	-	-
Unrestricted investment earnings	40,943	135,170	26,463	100,757
Gain on sale of capital assets	2,750	-	-	-
Other	-	-	-	-
Total revenues	<u>9,341,775</u>	<u>8,055,003</u>	<u>10,993,594</u>	<u>9,135,972</u>
Expenses:				
General government	1,375,283	1,090,303	-	-
Public safety	4,179,949	2,893,281	-	-
Public works	1,652,790	1,255,105	-	-
Parks and recreation	1,113,892	1,173,731	-	-
Community development	56,842	74,052	-	-
Interest on long-term debt	118,831	127,059	-	-
Water	-	-	1,926,162	1,746,881
Sewer	-	-	749,130	737,240
Electric	-	-	5,896,898	4,912,873
Storm drain	-	-	537,179	533,763
Total expenses	<u>8,497,587</u>	<u>6,613,531</u>	<u>9,109,369</u>	<u>7,930,757</u>
Increase in net position before transfers	844,188	1,441,472	1,884,225	1,205,215
Transfers	<u>130,000</u>	<u>105,000</u>	<u>(130,000)</u>	<u>(105,000)</u>
Increase in net position	974,188	1,546,472	1,754,225	1,100,215
Net position, beginning	19,970,410	18,423,938	18,201,694	17,101,479
Net position, ending	<u>\$ 20,944,598</u>	<u>\$ 19,970,410</u>	<u>\$ 19,955,919</u>	<u>\$ 18,201,694</u>

Financial Analysis of the Government's Funds

As noted earlier, Santa Clara uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of Santa Clara's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing Santa Clara's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2021, the unassigned fund balance was \$2,417,403.

As of the end of the current fiscal year, Santa Clara's governmental funds reported combined ending fund balances of \$6,157,559 an increase of \$2,069,544 in comparison with the prior year. Of the fund balance, \$3,729,269 is *restricted* (impact fees, deposits, RAP tax, and capital projects), \$10,887 is *assigned* (Vineyard Drive and other), and \$2,417,403 is unassigned. The restricted, committed and assigned fund balances indicate that the balances are not available for discretionary spending because they have already been committed.

The general fund is the chief operating fund of Santa Clara. At the end of the current fiscal year, *unassigned* fund balance of the general fund was \$2,417,403.

Other governmental funds have a total fund balance of \$2,275,632, all of which is restricted for designated capital expenditures and the procurement of impact fee related items.

Proprietary funds. Santa Clara City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position for Water, Sewer, Electric, and Storm Water utilities at the end of the year totaled \$5,423,029.

Budgetary Highlights

The budget was amended during the year to make adjustments for unanticipated revenues and expenditures.

In June 2021, the City Council adopted the 2021-2022 budget.

Capital Asset and Debt Administration

Capital assets. Santa Clara City’s investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$40,042,501 (net of accumulated depreciation). This investment in capital assets includes water stock, land, buildings, improvements, infrastructure (roads, water lines, sewer lines, power lines, and storm water lines), autos and trucks, machinery and equipment, and office equipment.

SANTA CLARA CITY			
Net Capital Assets (Net of depreciation)			
	Governmental	Business-type	
	Activities	Activities	Total
Land and water rights	\$ 2,091,942	\$ 1,487,859	\$ 3,579,801
Buildings	3,948,772	267,665	4,216,437
Improvements	7,143,803	939,595	8,083,398
Autos & trucks	147,146	592,124	739,270
Machinery and equipment	470,646	600,349	1,070,995
Office equipment	81,835	-	81,835
Artwork	114,629	-	114,629
Construction in progress	228,546	1,180,581	1,409,127
Infrastructure	5,880,146	14,866,863	20,747,009
Total	<u>\$ 20,107,465</u>	<u>\$ 19,935,036</u>	<u>\$ 40,042,501</u>

This year’s major capital asset additions primarily consisted of various pieces of equipment and infrastructure.

Santa Clara City in subsequent years intends to depreciate road infrastructure and expense maintenance work done on the roads. Any maintenance project(s) that would extend the life of the road will be captured as a capital asset and depreciated in subsequent years. All new roads received by the City from new subdivision development will be added to the City’s road infrastructure assets.

Long-term debt. At year-end the City had \$14,705,000 in bonds outstanding—an increase of 1.7% from the last year—as shown in the table below. More detailed information about the City’s long-term liabilities is presented in the notes to the financial statements.

SANTA CLARA CITY							
Outstanding General Obligation and Revenue Bonds							
	Governmental Activities		Business-type Activities		Total		%
	2021	2020	2021	2020	2021	2020	Change
Revenue bonds	<u>\$ 5,047,000</u>	<u>\$ 5,246,000</u>	<u>\$ 9,658,000</u>	<u>\$ 9,209,000</u>	<u>\$ 14,705,000</u>	<u>\$ 14,455,000</u>	1.73%
Total	<u>\$ 5,047,000</u>	<u>\$ 5,246,000</u>	<u>\$ 9,658,000</u>	<u>\$ 9,209,000</u>	<u>\$ 14,705,000</u>	<u>\$ 14,455,000</u>	1.73%

Economic Factors and Next Year's Budgets and Rates

- The property tax levy for FY 2021-2022 is .001893 mills.
- The national, state, and local economies may affect revenues from building and development and sales taxes.
- In considering the City's budget for FY 2021-2022, the City Council and management were cautious as to the growth of revenues and expenditures. Overall General Fund operating expenditures were budgeted so as to contain costs at the same level as FY2020-2021 or lower.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. Questions concerning any of the 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

CITY OF SANTA CLARA, UTAH
Statement of Net Position
June 30, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 5,495,373	\$ 5,043,823	\$ 10,539,196
Receivables (net of allowance)	1,478,361	1,730,382	3,208,743
Internal balances	132,401	(132,401)	-
Inventory	-	506,566	506,566
Bond discounts (net)	-	28,846	28,846
Restricted cash and cash equivalents	1,453,637	4,464,072	5,917,709
Net pension asset	55,135	57,477	112,612
Capital assets not being depreciated:			
Land and water rights	2,091,942	1,487,859	3,579,801
Construction in progress	228,546	1,180,581	1,409,127
Capital assets, net of accumulated depreciation:			
Buildings	3,948,772	267,665	4,216,437
Improvements	7,143,803	939,595	8,083,398
Autos & trucks	147,146	592,124	739,270
Machinery and equipment	470,646	600,349	1,070,995
Office equipment	81,835	-	81,835
Artwork	114,629	-	114,629
Infrastructure	5,880,146	14,866,863	20,747,009
Total assets	<u>28,722,372</u>	<u>31,633,801</u>	<u>60,356,173</u>
Deferred Outflows of Resources			
Deferred outflows related to pensions	176,024	183,501	359,525
Total deferred outflows of resources	<u>176,024</u>	<u>183,501</u>	<u>359,525</u>
Liabilities			
Accounts payable and other current liabilities	1,378,728	1,433,556	2,812,284
Interest payable	47,394	81,652	129,046
Noncurrent liabilities:			
Due within one year	414,500	838,522	1,253,022
Due in more than one year	4,751,297	9,154,885	13,906,182
Total liabilities	<u>6,591,919</u>	<u>11,508,615</u>	<u>18,100,534</u>
Deferred Inflows of Resources			
Deferred inflows related to pensions	338,393	352,768	691,161
Unavailable revenue - property taxes	1,023,486	-	1,023,486
Total deferred inflows of resources	<u>1,361,879</u>	<u>352,768</u>	<u>1,714,647</u>
Net Position			
Net investment in capital assets	15,060,465	10,068,818	25,129,283
Restricted for:			
Debt service	229,149	896,520	1,125,669
Capital outlay	3,500,120	3,567,552	7,067,672
Unrestricted	2,154,864	5,423,029	7,577,893
Total net position	<u>\$ 20,944,598</u>	<u>\$ 19,955,919</u>	<u>\$ 40,900,517</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Statement of Activities
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,375,283	\$ 1,084,426	\$ 55,889	\$ -	\$ (234,968)	\$ -	\$ (234,968)	
Public safety	4,179,949	1,002,988	690,815	194,150	(2,291,996)	-	(2,291,996)	
Public works	1,652,790	119,373	1,013,749	636,237	116,569	-	116,569	
Parks and recreation	1,113,892	125,779	42,838	551,887	(393,388)	-	(393,388)	
Community development	56,842	31,825	-	-	(25,017)	-	(25,017)	
Interest on long-term debt	118,831	-	-	-	(118,831)	-	(118,831)	
Total governmental activities	8,497,587	2,364,391	1,803,291	1,382,274	(2,947,631)	-	(2,947,631)	
Business-type activities:								
Water	1,926,162	2,176,436	-	312,624	-	562,898	562,898	
Sewer	749,130	879,605	-	56,058	-	186,533	186,533	
Electric	5,896,898	6,207,653	-	705,759	-	1,016,514	1,016,514	
Storm drain	537,179	545,991	-	83,005	-	91,817	91,817	
Total business-type activities	9,109,369	9,809,685	-	1,157,446	-	1,857,762	1,857,762	
Total primary government	\$ 17,606,956	\$ 12,174,076	\$ 1,803,291	\$ 2,539,720	(2,947,631)	1,857,762	(1,089,869)	
General Revenues:								
Taxes:								
Property taxes levied for general purposes					1,105,667	-	1,105,667	
Sales and use taxes					2,141,771	-	2,141,771	
Franchise taxes					467,170	-	467,170	
Telecommunications tax					33,518	-	33,518	
Unrestricted investment earnings					40,943	26,463	67,406	
Gain on sale of capital assets					2,750	-	2,750	
Transfers					130,000	(130,000)	-	
Total general revenues & transfers					3,921,819	(103,537)	3,818,282	
Change in net position					974,188	1,754,225	2,728,413	
Net position - beginning					19,970,410	18,201,694	38,172,104	
Net position - ending					\$ 20,944,598	\$ 19,955,919	\$ 40,900,517	

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Balance Sheet
Governmental Funds
June 30, 2021

	<u>General Fund</u>	<u>Impact Fees</u>	<u>Non-Major Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Cash and cash equivalents	\$ 3,311,209	\$ 1,604,921	\$ 579,243	\$ 5,495,373
Receivables	173,240	170,864	-	344,104
Property taxes receivable	1,035,038	-	-	1,035,038
Due from other governments	99,219	-	-	99,219
Due from other funds	257,401	-	-	257,401
Restricted cash and cash equivalents	1,453,637	-	-	1,453,637
Total assets	<u>6,329,744</u>	<u>1,775,785</u>	<u>579,243</u>	<u>8,684,772</u>
Liabilities				
Accounts payable	145,879	153	79,243	225,275
Accrued liabilities	113,190	-	-	113,190
Customer deposits	141,176	-	-	141,176
Security holdings	899,086	-	-	899,086
Due to other Funds	125,000	-	-	125,000
Total liabilities	<u>1,424,331</u>	<u>153</u>	<u>79,243</u>	<u>1,503,727</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,023,486	-	-	1,023,486
Total deferred inflows of resources	<u>1,023,486</u>	<u>-</u>	<u>-</u>	<u>1,023,486</u>
Fund Balances:				
Restricted	1,453,637	1,775,632	500,000	3,729,269
Assigned	10,887	-	-	10,887
Unassigned	2,417,403	-	-	2,417,403
Total fund balances	<u>3,881,927</u>	<u>1,775,632</u>	<u>500,000</u>	<u>6,157,559</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 6,329,744</u>	<u>\$ 1,775,785</u>	<u>\$ 579,243</u>	<u>\$ 8,684,772</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Reconciliation of the Balance Sheet of Governmental
Funds to the Statement of Net Position
June 30, 2021

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

Total fund balances - total governmental funds	\$	6,157,559
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	\$	54,242,138
Accumulated depreciation	<u>(34,134,672)</u>	20,107,466
Net pension asset is not an available resource and, therefore, is not reported in the funds.		
		55,135
Deferred outflows and inflows of resources related to pensions are applicable to future reporting periods and, therefore, are not reported in the funds.		
Deferred outflows	176,024	
Deferred inflows	<u>(338,393)</u>	(162,369)
Some liabilities, including bonds payable and capital leases, are not due and payable in the current period and therefore are not reported in the funds.		
Bonds payable	(5,047,000)	
Compensated absences	(73,923)	
Net pension liability	(44,876)	
Accrued interest payable	<u>(47,394)</u>	<u>(5,213,193)</u>
Net position of governmental activities	\$	<u><u>20,944,598</u></u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	General	Impact Fees	Non-Major Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 3,748,123	\$ -	\$ -	\$ 3,748,123
Licenses, permits and fees	453,037	-	-	453,037
Intergovernmental revenue	470,424	-	688,425	1,158,849
Charges for services	2,024,168	-	-	2,024,168
Fines and forfeitures	227,155	-	-	227,155
Investment earnings	40,943	5,891	-	46,834
Other revenues	370,826	-	-	370,826
	<u>7,334,676</u>	<u>5,891</u>	<u>688,425</u>	<u>8,028,992</u>
Expenditures:				
Current:				
General government	981,263	-	-	981,263
Public safety	3,314,184	-	688,425	4,002,609
Public works	574,535	-	-	574,535
Parks, recreation & public property	799,591	-	-	799,591
Community and economic development	55,273	-	-	55,273
Debt service:				
Principal	2,439,026	-	-	2,439,026
Interest	58,976	52,500	-	111,476
Capital outlay:				
General government	179,260	-	-	179,260
Public works	19,338	-	-	19,338
Parks, recreation & public property	-	294,233	-	294,233
Public safety	74,319	103,308	-	177,627
	<u>8,495,765</u>	<u>450,041</u>	<u>688,425</u>	<u>9,634,231</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,161,089)</u>	<u>(444,150)</u>	<u>-</u>	<u>(1,605,239)</u>
Other Financing Sources (Uses)				
Sale of capital assets	2,750	-	-	2,750
Impact fees	-	1,310,033	-	1,310,033
Transfers in	130,000	-	500,000	630,000
Transfers out	(500,000)	-	-	(500,000)
	<u>1,864,750</u>	<u>1,310,033</u>	<u>500,000</u>	<u>3,674,783</u>
Net change in fund balances	703,661	865,883	500,000	2,069,544
Fund balances, beginning of year	<u>3,178,266</u>	<u>909,749</u>	<u>-</u>	<u>4,088,015</u>
Fund balances, end of year	<u>\$ 3,881,927</u>	<u>\$ 1,775,632</u>	<u>\$ 500,000</u>	<u>\$ 6,157,559</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances of Governmental Funds
To The Statement of Activities
June 30, 2021

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

Net change in fund balances - total governmental funds	\$	2,069,544
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.</p>		
Capital outlay	\$	885,142
Depreciation expense	<u>(1,997,709)</u>	(1,112,567)
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		199,000
<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>		
		934
<p>Pension contributions are reported as expenditures in the governmental funds when made. However, they are reported as deferred outflows of resources in the Statement of Net Position because the net pension liability is measured six months before the City's report date. Pension expense, which is the change in the net position liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.</p>		
		(183,393)
<p>Accrued interest on long-term debt is not reported as an expenditure for the current period while it is recorded in the statement of activities.</p>		
		<u>670</u>
Change in net position of governmental activities	<u>\$</u>	<u>974,188</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Statement of Net Position
Proprietary Funds
June 30, 2021

	Water	Sewer	Electric	Storm Water	Totals Current Year
Assets					
Current assets:					
Cash and cash equivalents	\$ 358,098	\$ 1,385,418	\$ 3,052,132	\$ 248,175	\$ 5,043,823
Receivables, net of allowance	449,707	133,651	1,060,309	68,715	1,712,382
Interfund receivable	-	125,000	-	-	125,000
Inventory	-	-	506,566	-	506,566
Total current assets	<u>807,805</u>	<u>1,644,069</u>	<u>4,619,007</u>	<u>316,890</u>	<u>7,387,771</u>
Noncurrent assets:					
Restricted cash	1,920,382	167,728	2,051,344	324,618	4,464,072
Assessments receivable	-	18,000	-	-	18,000
Bond discounts (net)	20,192	-	-	8,654	28,846
Net pension asset	18,727	4,977	28,401	5,372	57,477
Capital assets:					
Land and water rights	830,875	-	-	656,984	1,487,859
Construction in progress	1,021,304	-	145,322	13,955	1,180,581
Buildings	14,594	301,251	69,414	-	385,259
Distribution and collection systems	16,658,747	2,041,143	13,632,822	4,284,645	36,617,357
Improvements	-	6,614	932,981	-	939,595
Machinery and equipment	96,706	47,490	1,032,973	120,022	1,297,191
Automobiles and trucks	210,153	810,105	477,664	61,074	1,558,996
Less: Accumulated depreciation	<u>(10,023,479)</u>	<u>(2,242,631)</u>	<u>(9,507,832)</u>	<u>(1,757,860)</u>	<u>(23,531,802)</u>
Total capital assets (net of accumulated depreciation)	<u>8,808,900</u>	<u>963,972</u>	<u>6,783,344</u>	<u>3,378,820</u>	<u>19,935,036</u>
Total noncurrent assets	<u>10,768,201</u>	<u>1,154,677</u>	<u>8,863,089</u>	<u>3,717,464</u>	<u>24,503,431</u>
Total assets	<u>11,576,006</u>	<u>2,798,746</u>	<u>13,482,096</u>	<u>4,034,354</u>	<u>31,891,202</u>
Deferred Outflows of Resources					
Deferred outflows of resources related to pensions	59,789	15,891	90,672	17,149	183,501
Total deferred outflows of resources	<u>59,789</u>	<u>15,891</u>	<u>90,672</u>	<u>17,149</u>	<u>183,501</u>
Liabilities					
Current liabilities:					
Accounts payable	208,342	138,798	843,444	4,647	1,195,231
Accrued liabilities	19,750	5,689	64,814	6,785	97,038
Customer deposits	141,287	-	-	-	141,287
Interfund payable	-	-	-	257,401	257,401
Interest payable	43,036	5,809	28,415	4,392	81,652
Current portion of noncurrent liabilities	323,425	72,400	379,411	63,286	838,522
Total current liabilities	<u>735,840</u>	<u>222,696</u>	<u>1,316,084</u>	<u>336,511</u>	<u>2,611,131</u>
Noncurrent liabilities:					
Compensated absences payable	24,740	7,000	42,228	6,440	80,408
Net pension liability	15,242	4,051	23,116	4,372	46,781
Bonds payable	5,661,300	-	3,574,000	422,700	9,658,000
Loans payable	-	208,218	-	-	208,218
Less current portion of noncurrent liabilities	<u>(323,425)</u>	<u>(72,400)</u>	<u>(379,411)</u>	<u>(63,286)</u>	<u>(838,522)</u>
Total noncurrent liabilities	<u>5,377,857</u>	<u>146,869</u>	<u>3,259,933</u>	<u>370,226</u>	<u>9,154,885</u>
Total liabilities	<u>6,113,697</u>	<u>369,565</u>	<u>4,576,017</u>	<u>706,737</u>	<u>11,766,016</u>
Deferred Inflows of Resources					
Deferred inflows of resources related to pensions	114,940	30,549	174,311	32,968	352,768
Total deferred inflows of resources	<u>114,940</u>	<u>30,549</u>	<u>174,311</u>	<u>32,968</u>	<u>352,768</u>
Net Position					
Net investment in capital assets	3,147,600	755,754	3,209,344	2,956,120	10,068,818
Restricted for debt service	804,961	-	-	91,559	896,520
Restricted for capital outlay	1,115,421	167,728	2,051,344	233,059	3,567,552
Unrestricted	339,176	1,491,041	3,561,752	31,060	5,423,029
Total net position	<u>\$ 5,407,158</u>	<u>\$ 2,414,523</u>	<u>\$ 8,822,440</u>	<u>\$ 3,311,798</u>	<u>\$ 19,955,919</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
June 30, 2021

	Water	Sewer	Electric	Storm Water	Totals Current Year
Operating revenues:					
Charges for services	\$ 2,043,553	\$ 808,709	\$ 5,949,605	\$ 542,792	\$ 9,344,659
Other revenues	132,883	70,896	258,048	3,199	465,026
Total operating revenues	<u>2,176,436</u>	<u>879,605</u>	<u>6,207,653</u>	<u>545,991</u>	<u>9,809,685</u>
Sewer treatment	-	379,282	-	-	379,282
Wholesale power purchases	-	-	3,667,015	-	3,667,015
Salaries and wages	394,642	107,887	595,443	138,828	1,236,800
Supplies and operating costs	565,460	21,796	179,472	28,400	795,128
Depreciation	491,939	113,227	571,147	171,031	1,347,344
Payroll taxes & employee benefits	148,854	38,652	207,172	44,811	439,489
Office & department supplies	4,031	-	35,951	65,757	105,739
Professional services	30,551	10,510	91,595	33,864	166,520
Insurance and surety bonds	21,355	12,813	29,897	-	64,065
Miscellaneous	16,970	-	48,993	10,119	76,082
Franchise fees	-	-	346,190	-	346,190
Billing and administration	106,521	58,414	67,146	27,526	259,607
Bad debt expense	-	-	-	401.59	402
Total operating expenses	<u>1,780,323</u>	<u>742,581</u>	<u>5,840,021</u>	<u>520,738</u>	<u>8,883,663</u>
Operating income (loss)	<u>396,113</u>	<u>137,024</u>	<u>367,632</u>	<u>25,253</u>	<u>926,022</u>
Non-operating revenues (expenses):					
Interest income	11,075	823	12,303	2,262	26,463
Impact fees	312,624	56,058	648,016	83,005	1,099,703
Gain (loss) on disposal of assets	-	-	1,800	-	1,800
Interest expense	(145,839)	(6,549)	(58,677)	(16,441)	(227,506)
Total non-operating revenues (expenses)	<u>177,860</u>	<u>50,332</u>	<u>603,442</u>	<u>68,826</u>	<u>900,460</u>
Income before contributions and transfers	<u>573,973</u>	<u>187,356</u>	<u>971,074</u>	<u>94,079</u>	<u>1,826,482</u>
Contributions and transfers:					
Transfers out	(100,000)	-	-	(30,000)	(130,000)
Capital contributions - general fund	-	-	57,743	-	57,743
Change in net position	<u>473,973</u>	<u>187,356</u>	<u>1,028,817</u>	<u>64,079</u>	<u>1,754,225</u>
Total net position, beginning of year	<u>4,933,185</u>	<u>2,227,167</u>	<u>7,793,623</u>	<u>3,247,719</u>	<u>18,201,694</u>
Total net position, end of year	<u>\$ 5,407,158</u>	<u>\$ 2,414,523</u>	<u>\$ 8,822,440</u>	<u>\$ 3,311,798</u>	<u>\$ 19,955,919</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2021

	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Storm Water</u>	<u>Totals</u> <u>Current Year</u>
Cash flows from operating activities:					
Cash received from customers, service fees	\$ 1,966,325	\$ 753,077	\$ 5,770,943	\$ 524,208	\$ 9,014,553
Cash received from customers, capacity fees and other	132,883	70,896	258,048	3,199	465,026
Cash paid to suppliers	(577,980)	(386,835)	(4,616,524)	(124,960)	(5,706,299)
Cash paid to employees	(594,335)	(161,210)	(546,230)	(233,176)	(1,534,951)
Net cash flows from operating activities	<u>926,893</u>	<u>275,928</u>	<u>866,237</u>	<u>169,271</u>	<u>2,238,329</u>
Cash flows from noncapital financing activities:					
Transfers (to) from other funds	(100,000)	-	-	(30,000)	(130,000)
Advances (to) from other funds	-	25,000	-	-	25,000
Net cash flows from noncapital financing activities	<u>(100,000)</u>	<u>25,000</u>	<u>-</u>	<u>(30,000)</u>	<u>(105,000)</u>
Cash flows from capital and related financing activities:					
Debt proceeds, net of issuance costs	-	-	3,574,000	-	3,574,000
Principal payments on long-term debt	(363,700)	(65,453)	(2,677,000)	(84,300)	(3,190,453)
Capital grants	-	-	-	8,769	8,769
Interest paid	(145,283)	(8,417)	(58,677)	(15,790)	(228,167)
Purchase of capital assets	(1,149,082)	(10,822)	(599,257)	(50,493)	(1,809,654)
Proceeds from the sale of capital assets	-	-	41,975	-	41,975
Impact fees and capital contributions	312,624	56,058	648,015	83,005	1,099,702
Net cash flows from capital and related financing activities:	<u>(1,345,441)</u>	<u>(28,634)</u>	<u>929,056</u>	<u>(58,809)</u>	<u>(503,828)</u>
Cash flows from investing activities:					
Interest on investments	11,075	823	12,303	2,262	26,463
Net change in cash and cash equivalents	(507,473)	273,117	1,807,596	82,724	1,655,964
Cash and cash equivalents, including restricted cash - beginning of year	2,785,953	1,280,029	3,295,880	490,069	7,851,931
Cash and cash equivalents, including restricted cash - end of year	<u>\$ 2,278,480</u>	<u>\$ 1,553,146</u>	<u>\$ 5,103,476</u>	<u>\$ 572,793</u>	<u>\$ 9,507,895</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:					
Net operating income (loss)	\$ 396,113	\$ 137,024	\$ 367,632	\$ 25,253	\$ 926,022
Adjustments to reconcile net operating income (loss) to net cash flows from operating activities					
Depreciation/amortization	491,939	113,227	571,147	171,031	1,347,344
Pension expense	27,935	7,012	44,718	(4,335)	75,330
Employer pension contributions	(72,450)	(20,587)	(102,731)	(8,097)	(203,865)
Changes in operating assets and liabilities:					
(Increase) Decrease in receivables	(91,665)	(55,632)	(178,662)	(18,584)	(344,543)
(Increase) Decrease in inventory	-	-	(181,093)	-	(181,093)
Increase (Decrease) in accounts payable	147,158	90,291	310,533	459	548,441
Increase (Decrease) in accrued liabilities	19,750	5,689	30,198	6,785	62,422
Increase (Decrease) in customer deposits	14,437	-	-	-	14,437
Increase (Decrease) in compensated absences	(6,324)	(1,096)	4,495	(3,241)	(6,166)
Net cash flows from operating activities	<u>\$ 926,893</u>	<u>\$ 275,928</u>	<u>\$ 866,237</u>	<u>\$ 169,271</u>	<u>\$ 2,238,329</u>

The accompanying notes are an integral part of the financial statements.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies

Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting entity

The City of Santa Clara (government) is a municipal corporation governed by an elected mayor and governing council (council). The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The Santa Clara City currently does not report any discretely presented component units.

Blended component unit

The Municipal Building Authority of The City of Santa Clara (the Authority) was formally recognized by the State of Utah as an incorporated entity in 2006. The Authority was formed for the purpose of accomplishing the public purposes for which the City of Santa Clara exists by acquiring, improving, or extending one or more projects and financing the cost of such projects on behalf of the City of Santa Clara. The Authority is governed by the board of trustees comprised of the elected officials of the City of Santa Clara.

Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Basis of presentation – fund financial statements

The fund financial statements provide information about the government’s funds, including its blended component units. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

The **General Fund** is the City’s primary operating fund. It accounts for all financial resources of the general government, except for 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.

The government reports the following major enterprise funds:

The **Water Fund** is used to account for the activities of the City’s water production, treatment, and distribution operation.

The **Sewer Fund** accounts for the activities of the City’s sewer system which provides services to residential and commercial users within the City,

The **Electric Fund** accounts for the activities of the City’s electric distribution operations.

The **Storm Water Fund** accounts for the activities of the City’s storm water operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources* measurement focus and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The 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. For this purpose, the government 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. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

Deposits and investments

Cash and cash equivalents include cash on hand, demand deposits with banks 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 the investment of funds 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.

Receivables and payables

In the Water, Sewer, Electric, and Storm Water funds, the City records utility revenues billed to customers when meters are read on a monthly basis. Unbilled service accounts receivable at June 30, 2021 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.

Inventories and prepaid items

The costs of governmental fund-type inventories are recorded as expenditures when purchased rather than when consumed. Inventories of the business-type activities are valued at the lower of cost or market. Market is considered as replacement cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an individual cost of more than \$5,000 and an estimated useful life in excess of three years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. 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.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20-50 years
Machinery and equipment	5-20 years
Autos & trucks	5-8 years
Infrastructure	15-40 years

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report 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 has one type of item that qualifies for reporting in this category. It is pension related items reported on the government-wide and proprietary fund financial statements. See Note 9 for more information.

In addition to liabilities, the statement of financial position will sometimes report 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 that time. The City has two types of items, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. The second item is pension related items reported on the government-wide and proprietary fund financial statements. See Note 9 for more information.

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.

Net position flow assumption

Sometimes the government 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 government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Fund balance flow assumptions

Sometimes the government 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 report 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 government's policy to consider restricted fund balance to have been depleted before using any 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.

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 government 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 a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government 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.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council is authorized to assign amounts to a specific purpose in accordance with the City's budget policy. 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.

Utah Code 10-6-116(4) indicates that only the "fund balance in excess of 5% of total revenues of the general fund may be utilized for budget purposes." The remaining 5% must be maintained as a minimum fund balance. The City does not currently have any other fund balance stabilization arrangement.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

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 the Washington County Treasurer and remitted to the City in monthly installments. Taxes are 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 on 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 financial statements 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.

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.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 1. Summary of Significant Accounting Policies, Continued

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. This difference primarily results from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation on page 15.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation on page 17.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 3. Stewardship, Compliance, and Accountability

Budgets and budgetary accounting

Annual budgets are reported and adopted by the City Council on or before June 22 for the fiscal year commencing the following July 1 in accordance with State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to June 22, a public hearing is conducted to obtain taxpayer input. Budgets are adopted and control of budget appropriations is exercised, under State Law, at the department level. Budget amendments are required to increase expenditure budgets and are adopted, in a public hearing, before the end of the fiscal year. The budget was amended during the current fiscal year.

The General Fund budget is prepared using the modified accrual basis of accounting. Budgets for the proprietary fund types are prepared using the accrual basis of accounting.

NOTE 4. Deposits and Investments

Deposits and investments of the City at June 30, 2021 consist of the following:

Deposits:	
Cash on hand	\$ 600
Cash in bank	3,098,163
Investments:	
State Treasurer's Investment Pool	<u>13,358,142</u>
Total Deposits and Investments	<u><u>\$ 16,456,905</u></u>

A reconciliation of cash and investments as shown on the statement net position is as follows:

Cash and cash equivalents	\$ 10,661,326
Restricted cash and cash equivalents	<u>5,795,579</u>
	<u><u>\$ 16,456,905</u></u>

The State of Utah Money Management Council has the responsibility to advise the State Treasurer about investment policies, promote measures and rules that will assist in strengthening the banking and credit structure of the state and review the rules adopted under the authority of the State of Utah Money Management Act that relate to the deposit and investment of public funds.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 4. Deposits and Investments, Continued

The City follows the requirements of the Utah Money Management Act (*Utah code*, Section 51, chapter 7) in handling its depository and investment transactions. The Act requires the depositing of City funds in a qualified depository. The Act defines a qualified depository as any financial institution whose deposits are insured by an agency of the Federal Government and which has been certified by the State Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

Deposits

Custodial Credit Risk

For deposits this is the risk that in the event of a bank failure, the government's deposit may not be returned to it. The City does not have a formal policy for custodial credit risk. As of June 30, 2021, \$883,544 of the City's bank balance of \$1,383,544 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Investments

The Money Management Act defines the types of securities authorized as appropriate investment for the City and the conditions for making investment transactions. Investment transactions may be conducted only through qualified depositories, certified dealers, or directly with issuers of the investment securities.

Statutes authorize the City to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investor Services or Standard & Poor's, bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurer's Investment Fund

The Utah State Treasurer's Office operates the Public Treasurer's Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer. The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah Code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gain or losses on investments. Financial statements for the PTIF funds can be obtained by contacting the Utah State Treasurer's office.

The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses – net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The fair value of the PTIF investment pool is approximately equal to the value of the pool shares.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 4. Deposits and Investments, Continued

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The City’s policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State’s Money Management Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested.

Credit risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The City’s policy for reducing its exposure to credit risk is to comply with the State’s Money Management Act.

As of June 30, 2021 the government had the following investments, quality ratings, and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Credit Rating (1)</u>	<u>Weighted Average Maturity (2)</u>
Utah Public Treasurers' Investment Fund	\$ 13,358,142	N/A	66.7
Total Fair Value	<u>\$ 13,358,142</u>		

(1) Ratings are provided where applicable to indicate associated Credit Risk.

N/A indicates not applicable.

(2) Interest rate risk is estimated using the weighted average days to maturity.

Fair value measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City has the following recurring fair value measurements as of June 30, 2021:

- PTIF of \$13,358,142 are valued using amortized cost (Level 2 inputs).

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 5. Capital Assets

Capital asset activity for the year ended June 30, 2021 was as follows:

Governmental Activities:	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital assets, not being depreciated:				
Land	\$ 2,091,942	\$ -	\$ -	\$ 2,091,942
Construction in progress	575,575	495,322	(842,351)	228,546
Total capital assets, not being depreciated:	<u>2,667,517</u>	<u>495,322</u>	<u>(842,351)</u>	<u>2,320,488</u>
Capital assets, being depreciated:				
Buildings	7,522,359	29,833	-	7,552,192
Improvements	9,159,360	830,841	-	9,990,201
Autos and trucks	1,258,333	-	-	1,258,333
Machinery and equipment	1,063,931	341,829	-	1,405,760
Office equipment	404,792	29,668	-	434,460
Artwork	198,491	-	-	198,491
Infrastructure	31,082,213	-	-	31,082,213
Total capital assets, being depreciated:	<u>50,689,479</u>	<u>1,232,171</u>	<u>-</u>	<u>51,921,650</u>
Less accumulated depreciation for:				
Buildings	(3,350,879)	(252,540)	-	(3,603,419)
Improvements	(2,398,944)	(447,454)	-	(2,846,398)
Autos and trucks	(1,029,913)	(81,274)	-	(1,111,187)
Machinery and equipment	(864,278)	(70,836)	-	(935,114)
Office equipment	(315,636)	(36,989)	-	(352,625)
Artwork	(77,246)	(6,616)	-	(83,862)
Infrastructure	(24,100,067)	(1,102,000)	-	(25,202,067)
Total accumulated depreciation	<u>(32,136,963)</u>	<u>(1,997,709)</u>	<u>-</u>	<u>(34,134,672)</u>
Total capital assets, being depreciated, net	<u>18,552,516</u>	<u>(765,538)</u>	<u>-</u>	<u>17,786,978</u>
Governmental activities capital assets, net	<u>\$ 21,220,033</u>	<u>\$ (270,216)</u>	<u>\$ (842,351)</u>	<u>\$ 20,107,466</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Governmental Activities:	
General government	\$ 291,798
Public safety	74,358
Public works	1,153,647
Parks	477,906
Total depreciation expense - governmental activities	<u>\$ 1,997,709</u>

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 5. Capital Assets, Continued

Business Type Activities:	Balance 6/30/2020	Additions	Deletions	Balance 6/30/2021
Capital assets not being depreciated:				
Land and land easements	\$ 706,984	\$ -	\$ -	\$ 706,984
Construction in progress	-	1,180,581	-	1,180,581
Water rights	780,875	-	-	780,875
Total capital assets, not being depreciated	<u>1,487,859</u>	<u>1,180,581</u>	<u>-</u>	<u>2,668,440</u>
Capital assets being depreciated:				
Buildings	385,259	-	-	385,259
Machinery and equipment	1,273,669	23,522	-	1,297,191
Autos and trucks	1,399,096	159,900	-	1,558,996
Distribution system	37,093,732	503,396	(40,175)	37,556,953
Total capital assets, being depreciated	<u>40,151,756</u>	<u>686,818</u>	<u>(40,175)</u>	<u>40,798,399</u>
Less accumulated depreciation for:				
Buildings	(106,096)	(11,498)	-	(117,594)
Machinery and equipment	(622,840)	(74,002)	-	(696,842)
Autos and trucks	(839,799)	(127,073)	-	(966,872)
Distribution system	(20,615,725)	(1,134,771)	-	(21,750,496)
Total accumulated depreciation	<u>(22,184,460)</u>	<u>(1,347,344)</u>	<u>-</u>	<u>(23,531,804)</u>
Total capital assets, being depreciated, net	<u>17,967,296</u>	<u>(660,526)</u>	<u>(40,175)</u>	<u>17,266,595</u>
Business-type activities capital assets, net	<u>\$ 19,455,155</u>	<u>\$ 520,055</u>	<u>\$ (40,175)</u>	<u>\$ 19,935,035</u>

Depreciation expense was charged to the functions/programs of the City as follows:

Business-Type Activities:	
Water	\$ 491,939
Sewer	113,227
Electric	571,147
Storm Water	171,031
Total depreciation expense - business-type activities	<u>\$ 1,347,344</u>

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-Term Debt

The following is a summary of changes in long-term obligations for the year ended June 30, 2021:

Governmental Activities:

	Balance 6/30/2020	Additions	Retirements	Balance 6/30/2021	Current Portion
Bonds payable from direct borrowings and direct placements:					
Sales Tax Revenue Bonds	\$ 5,096,000	\$ 2,232,000	\$ (2,381,000)	\$ 4,947,000	\$ 313,000
Excise Tax Road Revenue Bonds	150,000	-	(50,000)	100,000	50,000
Capital Leases Payable	-	-	-	-	-
Compensated Absences	74,854	50,300	(51,231)	73,923	51,500
Net Pension Liability	282,972	-	(238,097)	44,875	-
Total Governmental Activities	\$ 5,603,826	\$ 2,282,300	\$ (2,720,328)	\$ 5,165,798	\$ 414,500

Business-type Activities

	Balance 6/30/2020	Additions	Retirements	Balance 6/30/2021	Current Portion
Bonds payable from direct borrowings and direct placements:					
Revenue bonds	\$ 9,209,000	\$ 3,574,000	\$ (3,125,000)	\$ 9,658,000	\$ 715,000
Less bond discounts	(33,653)	-	4,808	(28,845)	-
Capital Leases Payable	-	-	-	-	-
Loans Payable	273,671	-	(65,453)	208,218	67,522
Compensated Absences	86,573	72,000	(78,167)	80,406	56,000
Net Pension Liability	305,816	-	(259,035)	46,781	-
Total Business-Type Activities	9,841,407	3,646,000	(3,522,847)	9,964,560	838,522
Total Long-Term Liabilities	\$ 15,445,233	\$ 5,928,300	\$ (6,243,175)	\$ 15,130,358	\$ 1,253,022

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-Term Debt, Continued

Long-term debt for the primary government at June 30, 2021 is comprised of the following issues:

Revenue bonds from direct borrowings and direct placements:

Governmental Activities:

Series 2021 Sales Tax Revenue Bonds, due in annual principal installments ranging from \$135,000 to \$167,000, bearing interest annually at 1.70%, maturing March 1, 2036. Secured by City sales tax revenues.	\$ 2,232,000
Series 2019 Lease Revenue Refunding Bonds, due in annual principal installments ranging from \$171,000 to \$244,000, bearing interest semi-annually at 2.76%, maturing October 1, 2033.	2,715,000
Series 2012 Excise Tax Road Revenue Bonds, due in annual principal installments of \$50,000, no interest is being charged on this bond, maturing July 9, 2022. Secured by City excise tax revenues.	<u>100,000</u>
Total Governmental Activities	<u>\$ 5,047,000</u>

Business-Type Activities:

Storm and Water Revenue Refunding Bonds, Series March 16, 2012, due in annual principal installments ranging from \$127,000 to \$471,000, bearing interest semi-annually at 2.748% to 3.660%, maturing September 15, 2027. Secured by water fund revenues.	\$ 1,409,000
Water Revenue Refunding Bonds, Series July 10, 2012 E, due in annual principal installments ranging from \$46,000 to \$87,000 with a final principal payment of \$272,000 due on October 1, 2043, bearing interest semi-annually at 2.50%, maturing October 1, 2043. Secured by water and stormwater fund revenues.	1,760,000
Water Revenue Refunding Bonds, Series July 10, 2012 F, due in annual principal installments ranging from \$116,000 to \$117,000, no interest is being charged on this bond, maturing October 1, 2045. Secured by water and stormwater fund revenues.	2,915,000
Electric Revenue Refunding Bonds, Series 2021, due in annual principal installments ranging from \$274,000 to \$350,000, bearing interest semi-annually at 1.38% maturing August 1, 2031. Secured by electric fund revenues.	<u>3,574,000</u>
Total Business-Type Activities	<u>\$ 9,658,000</u>

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-Term Debt, Continued

Loans and Leases Payable:

Business-Type Activities:

Loan payable in annual installments of \$87,137 through
July 2022, at interest of 3.05%.

\$ 208,218

Accrued Compensated Absences

154,329

Net Pension Liability

91,656

Bond Discounts

(28,845)

Total Long-Term Debt

\$ 15,130,358

Less Current portion:

Business-Type Activities

(838,522)

Governmental Activities

(414,500)

Net Long-Term Debt

\$ 13,877,336

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 6. Long-Term Debt, Continued

The annual requirements to amortize bonds payable from direct borrowing and direct placements, at June 30, 2021 are as follows:

Revenue Bonds

Year Ending June 30,	Excise Tax Road Revenue Bonds		Sales Tax Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 50,000	\$ -	\$ 313,000	\$ 161,800
2023	50,000	-	316,000	155,419
2024	-	-	323,000	145,718
2025	-	-	330,000	135,796
2026	-	-	338,000	125,627
2027-2031	-	-	1,808,000	466,653
2032-2036	-	-	1,519,000	186,627
2036-2040	-	-	-	35,115
Totals	<u>\$ 100,000</u>	<u>\$ -</u>	<u>\$ 4,947,000</u>	<u>\$ 1,412,755</u>

	Water Revenue Bonds		Electric Revenue Bonds	
	Principal	Interest	Principal	Interest
2022	\$ 306,200	\$ 76,798	\$ 350,000	\$ 42,522
2023	312,800	70,507	370,000	41,938
2024	318,700	64,003	369,000	36,839
2025	269,600	9,998	377,000	31,692
2026	567,200	200,404	385,000	26,434
2027-2031	1,045,800	159,488	1,449,000	65,653
2032-2036	959,000	104,125	274,000	1,891
2036-2040	1,186,000	55,100	-	-
2041-2045	696,000	-	-	-
Totals	<u>\$ 5,661,300</u>	<u>\$ 740,423</u>	<u>\$ 3,574,000</u>	<u>\$ 246,969</u>

Year Ending June 30,	Storm Water Revenue Bonds		Sewer Loan	
	Principal	Interest	Principal	Interest
2022	\$ 58,800	\$ 14,056	\$ 67,522	\$ 6,348
2023	61,200	11,917	69,581	4,289
2024	63,300	9,698	71,115	2,167
2025	65,400	4,285	-	-
2026	67,800	6,238	-	-
2027-2031	106,200	5,127	-	-
Totals	<u>\$ 422,700</u>	<u>\$ 51,321</u>	<u>\$ 208,218</u>	<u>\$ 12,804</u>

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 7. Equity Classifications

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned and unassigned, as described in Note 1.

At June 30, 2021, the City's fund balances are as follows:

General Fund:

Restricted for:

Subdivision security deposits	\$ 851,451
RAP tax	373,037
Debt service	229,149

Assigned to:

Vineyard drive improvements	10,887
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Unassigned:

Total	\$ 3,881,927
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Special Revenue Funds:

Restricted for:

Street impact fees	\$ 759,022
Park impact fees	520,223
Public safety impact fees	496,384
Total	\$ 1,775,629

NOTE 8. Interfund Receivables and Payables

At June 30, 2021, interfund receivables and payables that resulted from various interfund transactions were as follows:

		Due From		
		General Fund	Storm Water Fund	Total
Due To	General Fund	\$ -	\$ 257,401	\$ 257,401
	Sewer Fund	125,000	-	125,000
	Total	\$ 125,000	\$ 257,401	\$ 382,401

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 8. Interfund Receivables and Payables, Continued

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.

Interfund transfers for the year ended June 30, 2021 are as follows:

	Transfers From			Total
	General Fund	Water Fund	Storm Water Fund	
Transfers To				
General Fund	\$ -	\$ 100,000	\$ 30,000	\$ 130,000
Capital Projects	500,000	-	-	500,000
Total	<u>\$ 500,000</u>	<u>\$ 100,000</u>	<u>\$ 30,000</u>	<u>\$ 630,000</u>

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 to 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 9. Defined Benefit Pension Plan

General Information about the Pension Plan

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:

- 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.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

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 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:

Summary of Benefits by System

System	Final average salary	Years of service required and/or age eligible for benefit	Benefit percent per year of service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Firefighters System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 4.0%
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 30, 2020 2.00% per year July 1, 2020 to present	Up to 2.5%

* With actuarial deductions

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

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Contribution 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 URS Board. Contributions are actuarially determined as an amount that, when combined with employee contributions (where applicable) is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded actuarial accrued liability. Contribution rates are as follows:

Utah Retirement Systems

	<u>Employee</u>	<u>Employer</u>	<u>Employer 401(k) Plan</u>
Contributory System			
111 Local Government Div - Tier 2	N/A	15.80%	0.89%
Noncontributory System			
15 Local Government Div - tier 1	N/A	18.47%	N/A
Public Safety System			
Contributory			
122 Tier 2 DB Hybrid Public Safety	2.27%	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%	4.61%	N/A
132 Tier 2 DB Hybrid Firefighters	2.27%	14.08%	N/A
Tier 2 DC Only			
211 Local Government	N/A	6.69%	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.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

For fiscal year ended June 30, 2021, the employer and employee contributions to the Systems were as follows:

<u>System</u>	<u>Employer Contributions</u>	<u>Employee Contributions</u>
Noncontributory System	\$ 241,220	N/A
Firefighters System	6,162	\$ 20,117
Tier 2 Public Employees System	93,667	-
Tier 2 Public Safety and Firefighter	31,751	4,918
Tier 2 DC Only System	2,744	N/A
Tier 2 DC Public Safety and Firefighter System	50	N/A
Total Contributions	\$ 375,594	\$ 25,035

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.

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

At June 30, 2021, the City reported a net pension asset of \$112,613 and a net pension liability of \$91,657.

	Measurement Date: December 31, 2020				
	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>	<u>Proportionate Share</u>	<u>Proportionate Share 12/31/19</u>	<u>Change (Decrease)</u>
Noncontributory System	\$ -	\$ 76,958	0.0150032%	0.0150836%	-0.0000804%
Firefighters System	112,613	-	0.4027346%	0.3776672%	0.0250674%
Tier 2 Public Employees System	-	4,588	0.0318964%	0.0350541%	-0.0031577%
Tier 2 Public Safety and Firefighter	-	10,111	0.1127254%	0.1320884%	-0.0193630%
	\$ 112,613	\$ 91,657			

The net pension asset and liability was measured as of December 31, 2020, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2020 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 Systems during the plan year.

For the year ended June 30, 2021 the City recognized pension expense of \$133,667.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 130,029	\$ 6,644
Changes in assumptions	25,622	13,326
Net difference between projected and actual earnings on pension plan investments	-	649,655
Change in proportion and differences between contributions and proportional share of contributions	18,851	21,538
Contributions made subsequent to the measurement date	185,024	-
Total	<u>\$ 359,526</u>	<u>\$ 691,163</u>

\$185,024 was reported as deferred outflows of resources related to pension results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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
2021	\$ (141,549)
2022	(66,012)
2023	(219,063)
2024	(103,542)
2025	3,418
Thereafter	10,087

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2021, the City recognized pension expense of \$90,286.

At June 30, 2021, the City 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
Differences between expected and actual experience	\$ 103,244	\$ -
Changes in assumptions	-	10,066
Net difference between projected and actual earnings on pension plan investments	-	561,950
Change in proportion and differences between contributions and proportional share of contributions	10,705	12,546
Contributions made subsequent to the measurement date	113,321	-
Total	<u>\$ 227,270</u>	<u>\$ 584,562</u>

\$113,321 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020

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
2021	\$ (121,662)
2022	(60,065)
2023	(195,722)
2024	(93,164)
2025	-
Thereafter	-

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

For the year ended June 30, 2021, the City recognized pension expense of (\$32,023).

At June 30, 2021, the City 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
Differences between expected and actual experience	\$ 17,334	\$ 4,540
Changes in assumptions	17,469	2,010
Net difference between projected and actual earnings on pension plan investments	-	67,833
Change in proportion and differences between contributions and proportional share of contributions	283	5,627
Contributions made subsequent to the measurement date	2,954	-
Total	\$ 38,039	\$ 80,010

\$2,954 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

Year Ended December 31,	Outflows (Inflows) of Resources
2021	\$ (16,085)
2022	(3,489)
2023	(18,334)
2024	(8,602)
2025	1,585
Thereafter	-

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

For the year ended June 30, 2021, the City recognized pension expense of \$44,892.

At June 30, 2021, the City 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
Differences between expected and actual experience	\$ 4,223	\$ 2,101
Changes in assumptions	5,803	167
Net difference between projected and actual earnings on pension plan investments	-	13,410
Change in proportion and differences between contributions and proportional share of contributions	6,828	-
Contributions made subsequent to the measurement date	53,101	-
Total	\$ 69,955	\$ 15,678

\$53,101 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

Year Ended December 31,	Outflows (Inflows) of Resources
2021	\$ (2,311)
2022	(1,369)
2023	(3,136)
2024	(930)
2025	1,542
Thereafter	7,377

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

For the year ended June 30, 2021, the City recognized pension expense of \$30,512.

At June 30, 2021, the City 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
	<u> </u>	<u> </u>
Differences between expected and actual experience	\$ 5,228	\$ 3
Changes in assumptions	2,350	1,083
Net difference between projected and actual earnings on pension plan investments	-	6,462
Change in proportion and differences between contributions and proportional share of contributions	1,036	3,365
Contributions made subsequent to the measurement date	<u>15,648</u>	<u>-</u>
Total	<u>\$ 24,262</u>	<u>\$ 10,913</u>

\$15,648 reported as deferred outflows of resources related to pensions results from contributions made by the City prior to our fiscal year end, but subsequent to the measurement date of December 31, 2020.

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

Year Ended December 31,	Outflows (Inflows) of Resources
<u> </u>	<u> </u>
2021	\$ (1,491)
2022	(1,090)
2023	(1,872)
2024	(846)
2025	291
Thereafter	2,710

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Actuarial assumptions: The total pension liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 Percent
Salary increases	3.25- 9.75 percent, average, including inflation
Investment rate of return	6.95 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from 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, 2020, valuation were based on the results of an actuarial experience study for the five year period ending December 31, 2019.

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. These ranges are combined to produce the long-term expected rate of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	37%	6.30%	2.33%
Debt securities	20%	0.00%	0.00%
Real assets	15%	6.19%	0.93%
Private equity	12%	9.50%	1.14%
Absolute return	16%	2.75%	0.44%
Cash and cash equivalents	0%	0.00%	0.00%
Totals	100%		4.84%
	Inflation		2.50%
	Expected arithmetic nominal return		7.34%

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

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

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

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 6.95 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,334,219	\$ 76,958	\$ (971,158)
Firefighters System	51,161	(112,613)	(245,071)
Tier 2 Public Employees System	77,195	4,588	(50,955)
Tier 2 Public Safety and Firefighter	47,669	10,111	(19,844)
Total	\$ 1,510,244	\$ (20,956)	\$ (1,287,028)

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

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 9. Defined Benefit Pension Plan, Continued

Defined Contribution Savings Plans

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 of Santa Clara participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
401(k) Plan							
Employer Contributions	\$ 37,959	\$ 47,506	\$ 46,975	\$ 15,677	\$ 8,940	\$ 7,997	\$ 5,061
Employee Contributions	\$ 86,216	\$ 64,018	\$ 46,477	\$ 16,261	\$ 15,600	\$ 14,336	\$ 16,118
457 Plan							
Employer Contributions	\$ 4,366	\$ 4,371	\$ 4,466	\$ -	\$ -	\$ -	\$ -
Employee Contributions	\$ 15,752	\$ 14,890	\$ 13,378	\$ 9,286	\$ 8,265	\$ 8,115	\$ 7,636
Roth IRA Plan							
Employer Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Contributions	\$ 19,440	\$ 14,815	\$ 10,585	\$ 2,930	\$ 2,600	\$ 900	\$ -
Traditional IRA Plan							
Employer Contributions	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Employee Contributions	\$ -	\$ -	\$ -	\$ -	\$ 115	\$ 45	\$ -

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 10. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Risk financing activities are accounted for in various operating funds, with unallocated or City-wide activities being accounted for in the general fund.

The City maintains insurance for general liability, auto liability, and employee dishonesty through the Utah Local Government Trust. Worker's compensation coverage is also carried through the Utah Local Government's Insurance Trust.

NOTE 11. 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.

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.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 12. 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 \$3,667,015 during the fiscal year ended June 30, 2021.

NOTE 13. 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, 2021.

NOTE 14. Commitments / Subsequent Events

The City is committed to participate in the Regional Water Line Project. The City incurred \$54,306 in cost during the current audit period and their future ownership costs are expected to be \$347,932 or approximately \$55,000 annually for 6.5 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, 2021 had an outstanding balance of \$149,305,000. The City's share of this amount is \$5,069,098.

CITY OF SANTA CLARA, UTAH
Notes to the Financial Statements
June 30, 2021

NOTE 14. Commitments / Subsequent Events, Continued

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.

NOTE 15. Related Party Transactions

During fiscal year 2021, the City paid Rosenberg Associates a total of \$72,975 for engineering services. Rosenberg Associates is owned by Rick Rosenberg who is currently serving as Mayor.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SANTA CLARA, UTAH
Schedule of the Proportionate Share of the Net Pension Liability
Utah Retirement System
Last 10 Fiscal Years*

As of fiscal year ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered employee payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered- employee payroll	Plan fiduciary net position as a percentage of the total pension liability
Noncontributory System					
2015	0.1430226%	\$ 621,038	\$ 1,198,561	51.82%	90.2%
2016	0.1397285%	\$ 790,652	\$ 1,164,433	67.90%	87.8%
2017	0.1324804%	\$ 850,686	\$ 1,133,297	75.06%	87.3%
2018	0.1418812%	\$ 621,624	\$ 1,190,195	52.23%	91.9%
2019	0.1546589%	\$ 1,138,865	\$ 1,312,265	86.79%	87.0%
2020	0.1508356%	\$ 568,480	\$ 1,312,160	43.32%	93.7%
2021	0.1500318%	\$ 76,958	\$ 1,337,278	5.75%	99.2%
Firefighters System					
2015	0.0000000%	\$ -	\$ -	0.00%	0.0%
2016	0.2134537%	\$ (3,866)	\$ 56,193	-6.88%	101.0%
2017	0.3930163%	\$ (3,098)	\$ 110,627	-2.80%	100.4%
2018	0.4050682%	\$ (25,299)	\$ 118,394	-21.37%	103.0%
2019	0.3886043%	\$ 50,459	\$ 119,749	42.14%	94.3%
2020	0.3776672%	\$ (46,838)	\$ 120,921	-38.73%	105.0%
2021	0.4027346%	\$ (112,613)	\$ 131,392	-85.71%	110.5%
Tier 2 Public Employees System					
2015	0.0324165%	\$ (982)	\$ 158,967	-0.62%	103.5%
2016	0.0307646%	\$ (67)	\$ 198,763	-0.03%	100.2%
2017	0.0246362%	\$ 2,748	\$ 202,035	1.36%	95.1%
2018	0.0315360%	\$ 2,780	\$ 308,303	0.90%	97.4%
2019	0.0325277%	\$ 13,931	\$ 379,389	3.67%	90.8%
2020	0.0350541%	\$ 7,884	\$ 487,062	1.62%	96.5%
2021	0.0318964%	\$ 4,588	\$ 509,909	0.90%	98.3%
Tier 2 Public Safety and Firefighter System					
2015	0.0000000%	\$ -	\$ -	0.00%	0.0%
2016	0.0485649%	\$ (710)	\$ 28,961	-2.45%	110.7%
2017	0.0322655%	\$ (280)	\$ 26,658	-1.05%	103.6%
2018	0.0036548%	\$ (42)	\$ 3,846	-1.09%	103.0%
2019	0.1118523%	\$ 2,803	\$ 149,623	1.87%	95.6%
2020	0.1320884%	\$ 12,425	\$ 217,702	5.71%	89.6%
2021	0.1127254%	\$ 10,111	\$ 224,139	4.51%	93.1%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the fiscal year.

See accompanying notes to required supplementary information

CITY OF SANTA CLARA, UTAH
Schedule of Contributions
Utah Retirement System
Last 10 Fiscal Years

As of fiscal year ended June 30,	Actuarily 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	241,220	241,220	-	1,348,663	17.89%
Firefighters System					
2014	\$ -	\$ -	\$ -	\$ -	0.00%
2015	-	-	-	-	0.00%
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%
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%
Tier 2 Public Safety and Firefighter System***					
2014	\$ -	\$ -	\$ -	\$ -	0.00%
2015	-	-	-	-	0.00%
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%
Tier 2 Public Employees DC Only System***					
2014	\$ -	\$ -	\$ -	\$ -	0.00%
2015	1,334	1,334	-	19,856	6.72%
2016	2,570	2,570	-	38,421	6.69%
2017	3,038	3,038	-	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%
Tier 2 Public Safety and Firefighter DC Only System***					
2014	\$ -	\$ -	\$ -	\$ -	0.00%
2015	-	-	-	-	0.00%
2016	-	-	-	-	0.00%
2017	-	-	-	-	0.00%
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%

Note: The City implemented GASB 68 in fiscal year 2015. Prior year information is not available.

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

See accompanying notes to required supplementary information

CITY OF SANTA CLARA, UTAH
Notes to Required Supplementary Information
For the Year Ended June 30, 2021

Changes in Assumptions:

There were a number of demographic assumptions (e.g. rates of termination, disability, retirement, as well as an updated mortality and salary increase assumption) updated for use in the January 1, 2020 actuarial valuation. These assumption updates were adopted by the Utah State Retirement Board as a result of an Actuarial Experience Study performed for the Utah Retirement Systems. In aggregate, those assumption changes resulted in a \$201 million increase in the Total Pension Liability, which is about 0.50% of the Total Pension Liability of as December 31, 2019 for all systems combined. The Actuarial Experience Study report as of December 31, 2019 provides detailed information regarding those assumption changes, which may be accessed online at newsroom.urs.org under the “Retirement Office” column using the “Reports and Stats” tab.

CITY OF SANTA CLARA, UTAH
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General property taxes	\$ 1,034,375	\$ 1,034,375	\$ 1,075,813	\$ 41,438
Prior year's delinquent taxes	29,586	29,586	29,851	265
General sales and use taxes	1,137,217	2,048,217	2,141,771	93,554
Franchise taxes	345,000	345,000	467,170	122,170
Telecommunications tax	45,000	45,000	33,518	(11,482)
Total taxes	<u>2,591,178</u>	<u>3,502,178</u>	<u>3,748,123</u>	<u>245,945</u>
Licenses & permits:				
Business license & permits	4,500	4,500	7,415	2,915
Non-business license & permits	175,150	435,150	445,622	10,472
Total license & permits	<u>179,650</u>	<u>439,650</u>	<u>453,037</u>	<u>13,387</u>
Intergovernmental revenues:				
Federal & state grants	-	-	64,585	64,585
Class "C" roads	295,000	295,000	399,950	104,950
State liquor allotment	5,600	5,600	5,889	289
Total intergovernmental revenues	<u>300,600</u>	<u>300,600</u>	<u>470,424</u>	<u>169,824</u>
Charges for services:				
Refuse collection	410,888	410,888	401,286	(9,602)
Street maintenance fees	110,105	110,105	120,927	10,822
Public safety	1,167,785	1,327,785	1,183,930	(143,855)
Parks & public property	53,000	53,000	170,560	117,560
Cemetery	45,500	45,500	108,912	63,412
Other	45,559	45,559	38,553	(7,006)
Total charges for services	<u>1,832,837</u>	<u>1,992,837</u>	<u>2,024,168</u>	<u>31,331</u>
Fines and forfeitures:				
Court fines & forfeitures	195,000	238,000	227,155	(10,845)
Miscellaneous:				
Investment earnings	25,000	25,000	40,943	15,943
Administrative service revenue	258,590	258,590	258,590	-
Community development	19,582	19,582	15,438	(4,144)
Contributions	-	-	1,433	1,433
Other	38,600	38,600	95,365	56,765
Total miscellaneous	<u>341,772</u>	<u>341,772</u>	<u>411,769</u>	<u>69,997</u>
Total revenues	<u>5,441,037</u>	<u>6,815,037</u>	<u>7,334,676</u>	<u>519,639</u>

CITY OF SANTA CLARA, UTAH
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (continued)
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures:				
General government	854,756	982,126	981,263	863
Public safety				
Judicial	304,969	314,969	293,243	21,726
Law enforcement	1,076,014	1,226,014	1,216,451	9,563
Fire protection	1,148,268	1,525,768	1,358,036	167,732
Building inspection	411,673	486,673	446,454	40,219
Capital outlay	33,095	33,095	74,319	(41,224)
Total public safety	<u>2,974,019</u>	<u>3,586,519</u>	<u>3,388,503</u>	<u>198,016</u>
Highways and public improvements				
Public works	573,174	615,174	574,535	40,639
Capital outlay	-	323,000	19,338	303,662
Total highways and public improvements	<u>573,174</u>	<u>938,174</u>	<u>593,873</u>	<u>344,301</u>
Parks, recreation & public property				
Parks, trails & cemetery	432,270	451,270	445,578	5,692
Sports field maintenance	311,077	374,077	354,013	20,064
Swiss days / Economic Development	78,700	78,700	52,933	25,767
Princess pageant	7,800	7,800	2,340	5,460
Capital outlay	-	187,130	179,260	7,870
Total parks, recreation & public property	<u>829,847</u>	<u>1,098,977</u>	<u>1,034,124</u>	<u>64,853</u>
Debt service				
Principal	270,813	270,813	2,439,026	(2,168,213)
Interest	133,428	133,428	58,976	74,452
Total debt service	<u>404,241</u>	<u>404,241</u>	<u>2,498,002</u>	<u>(2,093,761)</u>
Total expenditures	<u>5,636,037</u>	<u>7,010,037</u>	<u>8,495,765</u>	<u>(1,485,728)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(195,000)</u>	<u>(195,000)</u>	<u>(1,161,089)</u>	<u>(966,089)</u>
Other financing sources (uses)				
Sale of capital assets	35,000	35,000	2,750	(32,250)
Debt proceeds	-	-	2,232,000	2,232,000
Transfers in	160,000	160,000	130,000	(30,000)
Transfers out	-	-	(500,000)	(500,000)
Total other financing sources and uses	<u>195,000</u>	<u>195,000</u>	<u>1,864,750</u>	<u>1,669,750</u>
Net change in fund balances	-	-	703,661	703,661
Fund balances, beginning of year	<u>3,178,266</u>	<u>3,178,266</u>	<u>3,178,266</u>	<u>-</u>
Fund balances, end of year	<u>\$ 3,178,266</u>	<u>\$ 3,178,266</u>	<u>\$ 3,881,927</u>	<u>\$ 703,661</u>

CITY OF SANTA CLARA, UTAH
Impact Fees
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 15,000	\$ 15,000	\$ 5,891	\$ (9,109)
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>5,891</u>	<u>(9,109)</u>
Expenditures:				
Capital Outlay:				
Parks and recreation	600,000	600,000	294,233	305,767
Public safety	100,000	100,000	103,308	(3,308)
Debt Service				
Principal	30,000	30,000	-	30,000
Interest	<u>52,500</u>	<u>52,500</u>	<u>52,500</u>	<u>-</u>
Total expenditures	<u>782,500</u>	<u>782,500</u>	<u>450,041</u>	<u>332,459</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(767,500)</u>	<u>(767,500)</u>	<u>(444,150)</u>	<u>(341,568)</u>
Other Financing Sources (Uses)				
Impact fees	<u>503,020</u>	<u>503,020</u>	<u>1,310,033</u>	<u>807,013</u>
Total other financing sources and uses	<u>503,020</u>	<u>503,020</u>	<u>1,310,033</u>	<u>807,013</u>
Net change in fund balances	(264,480)	(264,480)	865,883	465,445
Fund balances, beginning of year	<u>909,749</u>	<u>909,749</u>	<u>909,749</u>	<u>-</u>
Fund balances, end of year	<u>\$ 645,269</u>	<u>\$ 645,269</u>	<u>\$ 1,775,632</u>	<u>\$ 465,445</u>

SUPPLEMENTARY INFORMATION

CITY OF SANTA CLARA, UTAH
Supplementary Information
Nonmajor Governmental Funds
Combining Statements and Budgetary Comparison Schedules

Capital Projects Funds

Capital Projects – This fund is used to account for the acquisition and construction of various City projects.

Special Revenue Funds

CARES Act – this fund is used to account for the financial resources and uses of federal funding the City received under the CARES Act.

CITY OF SANTA CLARA, UTAH
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cares Act</u>	<u>Capital Projects</u>	
Assets			
Cash and cash equivalents	79,243	500,000	\$ 579,243
Total assets	<u>79,243</u>	<u>500,000</u>	<u>579,243</u>
Liabilities			
Accounts payable	79,243	\$ -	\$ 79,243
Total liabilities	<u>79,243</u>	<u>-</u>	<u>79,243</u>
Fund Balances:			
Restricted			
Capital Outlay	-	500,000	500,000
Total fund balances	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 79,243</u>	<u>\$ 500,000</u>	<u>\$ 579,243</u>

CITY OF SANTA CLARA, UTAH
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2021

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Cares Act</u>	<u>Capital Projects</u>	
Revenues:			
Intergovernmental revenues	\$ 688,425	\$ -	\$ 688,425
Total revenues	<u>688,425</u>	<u>-</u>	<u>688,425</u>
Expenditures:			
Current:			
Public safety	688,425	-	688,425
Total expenditures	<u>688,425</u>	<u>-</u>	<u>688,425</u>
Other Financing Sources (Uses)			
Transfers in	-	500,000	500,000
Total other financing sources and uses	<u>-</u>	<u>500,000</u>	<u>500,000</u>
Net change in fund balances	-	500,000	500,000
Fund balances, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>

CITY OF SANTA CLARA, UTAH
Capital Projects Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Interest income	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Capital Outlay:				
Public works	-	-	-	-
Total expenditures	-	-	-	-
Other Financing Sources (Uses):				
Transfers in	-	-	500,000	(500,000)
Total Other Financing Sources (Uses)	-	-	500,000	(500,000)
Net change in fund balances	-	-	500,000	(500,000)
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ (500,000)</u>

CITY OF SANTA CLARA, UTAH
CARES Act Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2021

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental revenues	\$ -	\$ 688,425	\$ 688,425	\$ -
Total revenues	-	688,425	688,425	-
Expenditures:				
Current:				
Public safety	-	688,425	688,425	-
Total expenditures	-	688,425	688,425	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF SANTA CLARA, UTAH
Bond Disclosures
For the Year Ended June 30, 2021

The Water System Revenue Bond Resolution and the Electric System Bond Resolution set forth certain covenants and restrictions. The City of Santa Clara is in compliance with all covenants and restrictions for the Water System Bond and the Electric system Bond resolution requirements. Adequate funds are available in both the water fund and electric fund for reserve requirements.

Additional disclosures required by the Resolutions are:

	Water	Sewer
Number of connections within the boundaries of the City at June 30, 2021	2,908	2,757
Total billings for the fiscal year ended June 30, 2021	1,917,127	813,179

Water rates for the fiscal year ended June 30, 2021 are as follows:

0 to 5,000 gallons	\$32.00 per month
5001 to 9000 gallons	\$.60 per 1,000 gallons
9001 to 16,000 gallons	\$1.13 per 1,000 gallons
16,001 to 23,000 gallons	\$1.38 per 1,000 gallons
23,001 to 30,000 gallons	\$1.82 per 1,000 gallons
30,001 to 45,000 gallons	\$2.26 per 1,000 gallons
45,001 to 60,000 gallons	\$2.82 per 1,000 gallons
over 60,000 gallons	\$3.45 per 1,000 gallons

Monthly billing rates for sewer usage

Residential	\$ 23.40
Commercial	\$ 30.00

Insurance coverage is as follows:

Provider	Type	Policy Number	Effective	Expires	Limits
Utah Local Government Trust	Comprehensive General Liability	13640-GL2010	07/01/21	07/01/22	10,000,000
Utah Local Government Trust	Auto Liability	13640-GL2010	07/01/21	07/01/22	10,000,000
Utah Local Government Trust	Property Coverage - Buildings	ulgt-apdp-2010	07/01/21	07/01/22	22,748,293
Utah Local Government Trust	Property Coverage - Contents	ulgt-apdp-2010	07/01/21	07/01/22	1,729,200
Utah Local Government Trust	Property Coverage - Contractors Equipment	ulgt-apdp-2010	07/01/21	07/01/22	459,634
Utah Local Government Trust	Property Coverage - EDP	ulgt-apdp-2010	07/01/21	07/01/22	56,000
Utah Local Government Trust	Property Coverage - Equipment in the Open	ulgt-apdp-2010	07/01/21	07/01/22	3,377,315
Utah Local Government Trust	Property Coverage - Mobile equipment	ulgt-apdp-2010	07/01/21	07/01/22	7,480
Utah Local Government Trust	Property Coverage - Miscellaneous equipment	ulgt-apdp-2010	07/01/21	07/01/22	389,750
Utah Local Government Trust	Workers Compensation	13640-WC2011	01/01/21	01/01/22	100/500/100
CNA Surety	Blanket Employee Bond	58461366	01/01/21	01/01/22	40,000
CNA Surety	Position Schedule Bond - Mayor/Recorder/Treasurer	58461367	08/01/21	08/01/22	198,000
CNA Surety	Blanket E&O Bond - 2 Notaries	68564329	01/02/22	01/02/23	10,000
CNA Surety	Position Schedule Bond - Treasurer	70089593	01/01/21	01/01/22	550,000
CNA Surety	Notary Bond	53471720N	06/05/21	06/05/25	5,000
CNA Surety	Notary Bond	69660112N	05/11/21	05/11/22	5,000

FEDERAL AND STATE REPORTS



**Independent Auditors' 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
City of Santa Clara, Utah 84765

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, 2021, and the related notes to the financial statements, which collectively comprise the Santa Clara City's basic financial statements and have issued our report thereon dated December 22, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing out 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and recommendations, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the schedule of Findings and Recommendations to be material weaknesses.

None noted

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. We consider the following deficiencies described in the accompanying schedule of Findings and Recommendations to be significant deficiencies:

2007-002 Controls over Accounting and Reconciliations
2007-003 Accounting for capital assets

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*:

2021-001 Budgetary Compliance

City of Santa Clara, Utah’s Response to Findings

The City’s responses to the findings identified in our audit are described in the accompanying responses to the findings and recommendations. The City’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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
St. George, Utah
December 22, 2021



**Independent Auditors' 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
City of Santa Clara, 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, that could have a direct and material effect on the City of Santa Clara for the year ended June 30, 2021.

General state compliance requirements were tested for the year ended June 30, 2021 in the following areas:

- Budgetary Compliance
- Fund Balance
- Justice Courts
- Restricted Taxes and Related Revenues
- Open and Public Meetings Act
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Impact Fees
- Enterprise Fund Transfers, Reimbursements, Loans, and Services
- Impact Fees
- Utah Retirement Systems
- Public Treasurer's Bond

Management's Responsibility

Management is responsible for compliance with the 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 compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and

the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the state compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on 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, 2021.

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* and which is described in the accompanying Findings and Recommendations dated December 22, 2021 as item 2020-001.

Santa Clara City's responses to the noncompliance finding identified in our audit is described in the accompanying responses to the schedule of findings and recommendations. Santa Clara City's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report On Internal Control Over Compliance

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

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
St. George, Utah
December 22, 2021

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HINTONBURDICK
CPAs & ADVISORS

**Findings and Recommendations
For the Year Ended June 30, 2021**

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, 2021, we noted several improvements to the City's accounting and budgeting system and wish to commend the City for their achievements. We also observed a few areas needing corrective action in order for the City to be in compliance with laws and regulations as well as a few procedures that, if improved, would strengthen the City's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING

Material Weaknesses:

None noted

Significant Deficiencies:

2007-002. Controls over Accounting and Reconciliations (prior year reworded)

Statement of Condition: Audit procedures identified various journal entries that were necessary to make accruals, record allocations, and other miscellaneous adjustments. The effect of these journal entries was material to the financial statements.

Criteria: Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a deficiency in the City's internal controls.

Effect: The City's financial statements would have not been fairly stated in all material respects without the needed adjustments.

Cause: Procedures for year-end adjustments and periodic account reconciliations may need to be revised or improved to properly identify certain adjustments.

Recommendation: We recommend that management review our proposed journal entries and discuss them with us to ensure they understand and are in agreement with the entries and that they understand the purpose and underlying accounting principles associated

with each entry. We also recommend that the City develop an action plan to ensure that all significant and material adjustments are posted to the general ledger and all accounts are reconciled before the annual audit takes place or interim reports are provided to the City Council.

2007-003. Accounting for Capital Assets

Condition: the City has not completely implemented accounting procedures and controls to accurately account for capital assets.

Criteria: Audit procedures identified several capital asset additions and disposals that were not identified by the City.

Effect: By not identifying and recording all capital asset activity accurate data was not initially available for inclusion in the City's financial statements.

Cause: The City has not developed effective procedures to track capital asset additions and disposals and to record these transactions in their capital asset software.

Recommendation: We recommend that management review their internal control policies over capital assets accounting to ensure accurate data is available for inclusion in the financial statements.

COMPLIANCE AND OTHER MATTERS

State Compliance Findings:

2020-001. Budgetary Compliance

Criteria: Utah code 10-6-123 prohibits incurring expenditures in excess of total appropriations in the budget as adopted or as subsequently amended.

Condition: At year end, the General Fund expenditures exceeded the approved budgeted amounts by \$1,458,728.

Cause: Controls for monitoring and/or adjusting the budget did not identify and adjust for budget overruns at year-end specifically for debt related expenditures.

Effect: Budget overruns occurred without budget approval from the City Council.

Recommendation: We recommend the City operate within the confines of the budget by limiting expenditures or following controls to adjust budgets as necessary.

Other Matters:

None noted

Please respond to the above Findings and Recommendations in letter form for submission to the Office of the Utah State Auditor as required by State law.

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,

A handwritten signature in cursive script that reads "Hinton Burdick, PLLC".

HintonBurdick, PLLC
December 22, 2021

Management Responses to the Findings and Recommendations

2007-002. **Controls over Accounting and Reconciliations**

- *Statement of Condition:* Audit procedures identified various journal entries that were necessary to make accruals, record allocations, and other miscellaneous adjustments. The effect of these journal entries was material to the financial statements.
- *Criteria:* Auditing standards indicate that the identification by the auditor of misstatements in the financial statements may be a deficiency in the City's internal controls.
- *Effect:* The City's financial statements would have not been fairly sate in all material respects without the needed adjustments.
- *Cause:* Procedures for year-end adjustments and periodic account reconciliations may need to be revised or improved to properly identify certain adjustments.
- *Recommendation:* We recommend that management review our proposed journal entries and discuss them with us to ensure they understand and are in agreement with the entries and that they understand the purpose and underlying accounting principles associated with each entry. We also recommend that the City develop an action plan to ensure that all significant and material adjustments are posted to the general ledger and all accounts are reconciled before the annual audit takes place or interim reports are provided to the City Council.

Response:

The City will utilize Pelorus's "pre-audit" services. This will put the needed processes in place to make sure the required entries are booked in a timely manner and before the audit.

2007-003. **Accounting for Capital Assets**

- *Condition:* The City has not completely implemented accounting procedures and controls to accurately account for capital assets.
- *Criteria:* Audit procedures identified several capital asset additions and disposals that were not identified by the City.
- *Effect:* By not identifying and recording all capital asset activity accurate data was not initially available for inclusion in the City's financial statements.
- *Cause:* The City has not developed effective procedures to track capital asset additions and disposals and to record these transactions in their capital asset software.
- *Recommendation:* We recommend that management review their internal control policies over capital assets accounting to ensure accurate data is available for inclusion in the financial statements.

Response:

The City will conduct an annual inventory of capital assets. We will also work to put into place measures to identify additions and disposals of assets in a timely manner.

COMPLIANCE AND OTHER MATTERS

State Compliance Findings:

2020-001. Budgetary Compliance

- *Criteria:* Utah code 10-6-123 prohibits incurring expenditures in excess of total appropriations in the budget as adopted or as subsequently amended.
- *Condition:* At year end, the General Fund expenditures exceeded the approved budget amounts by \$1,458,728.
- *Cause:* Controls for monitoring and/or adjusting the budget did not identify and adjust for budget overruns at year-end specifically for dept related expenditures.
- *Effect:* Budget overruns occurred without budget approval from the City Council.
- *Recommendation:* We recommend the City operate within the confines of the budget by limiting expenditures or following controls to adjust budgets as necessary.

Response:

The City will monitor it's expenses to ensure compliance with the approved budget. The City will amend the budget when necessary.

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