

Santaquin City Corporation

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2024

Santaquin City Corporation

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June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council Members
Santaquin City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund, and the aggregate remaining fund information of Santaquin City as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Santaquin City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Santaquin City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Santaquin City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate that raise substantial doubt about Santaquin City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Santaquin City's basic financial statements. The combining and individual nonmajor fund financial statements, and schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2024, on our consideration of Santaquin City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Santaquin City's internal control over financial reporting and compliance.


Larson & Company, PC

Spanish Fork, Utah
October 31, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

As management of Santaquin City Corporation (the City), we offer readers of the City's financial statements this narrative overview and analysis of financial activities of the City for the fiscal year ended June 30, 2024.

FINANCIAL HIGHLIGHTS

- *Total net position for the City as a whole increased by \$15,990,711
- *Total unrestricted net position for the City as a whole decreased by \$2,047,342
- *Total net position for governmental activities increased by \$12,016,395
- *Total net position for business-type activities increased by \$3,974,316

BASIC FINANCIAL STATEMENTS

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

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, deferred outflows, liabilities, and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The statement of activities is presented on two pages. The first page reports the extent to which each function or program is self-supporting through fees and intergovernmental aid. The second page identifies the general revenues of the City available to cover any remaining costs of the functions or programs.

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

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

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the government fund balance sheet and the government fund statement of the revenues, expenditures, and changes in fund balances provide reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains two major governmental funds, the general fund and the capital projects fund.

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

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

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

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

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

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

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

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

FINANCIAL ANALYSIS

Santaquin City Corporation's Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Current and other assets	\$ 22,071,413	19,037,854	21,341,237	18,680,609	43,412,650	37,718,463
Net capital assets	52,815,951	42,842,055	32,082,383	31,761,628	84,898,334	74,603,683
Deferred outflows	921,214	684,324	244,880	181,909	1,166,094	866,233
Total assets and deferred outflows	\$ 75,808,578	62,564,233	53,668,500	50,624,146	129,477,079	113,188,379
Long-term debt	\$ 13,756,282	14,747,659	18,749,712	19,776,281	32,505,994	34,523,940
Other liabilities	13,165,251	10,956,761	716,943	620,905	13,882,194	11,577,666
Deferred inflows	68,556	57,718	14,941	14,371	83,496	72,089
Total liabilities and deferred inflows	26,990,089	25,762,138	19,481,596	20,411,557	46,471,684	46,173,695
Net position:						
Net investment in capital assets	39,059,669	28,094,396	13,332,672	11,985,346	52,392,341	40,079,742
Restricted	4,629,187	3,783,704	13,707,817	8,827,847	18,337,005	12,611,551
Unrestricted	5,129,634	4,923,995	7,146,415	9,399,396	12,276,049	14,323,391
Total net position	\$ 48,818,490	36,802,095	34,186,905	30,212,589	83,005,393	67,014,683

As noted earlier, net position may serve over time as a useful indicator of financial position. Total assets and deferred outflows of resources exceeded total liabilities and deferred inflow of resources at the close of the year by \$83,005,393, an increase of \$15,990,711 from the previous year. This change is equivalent to the net income for the year, in private sector terms.

Total unrestricted net position at the end of the year is \$12,276,049 which represents a decrease of \$2,047,342 from the previous year. Unrestricted net position are those resources available to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements.

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

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

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

FINANCIAL ANALYSIS (continued)

Santaquin City Corporation's Change in Net Position

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Program revenues:						
Charges for services	\$ 5,892,326	3,419,916	7,342,618	6,874,297	13,234,944	10,294,213
Operating grants	960,486	829,014	-	-	960,486	829,014
Capital grants	6,006,906	2,537,098	3,955,955	5,363,937	9,962,862	7,901,035
General revenues:						
Property taxes	2,019,844	1,275,054	-	-	2,019,844	1,275,054
Sales tax	3,314,232	2,954,308	-	-	3,314,232	2,954,308
Other taxes	1,183,076	1,118,720	-	-	1,183,076	1,118,720
Other revenues	3,468,614	1,942,282	878,764	578,998	4,347,377	2,521,280
Total revenues	22,845,484	14,076,391	12,177,337	12,817,231	35,022,821	26,893,623
Expenses:						
General government	2,271,410	2,156,918	-	-	2,271,410	2,156,918
Public safety	4,537,416	4,393,986	-	-	4,537,416	4,393,986
Highways and improvements	1,100,271	1,877,918	-	-	1,100,271	1,877,918
Sanitation	889,019	810,006	-	-	889,019	810,006
Parks and recreation	2,780,069	1,967,953	-	-	2,780,069	1,967,953
Cemetery	204,429	179,171	-	-	204,429	179,171
Interest on long-term debt	317,296	356,597	-	-	317,296	356,597
Water	-	-	4,098,341	2,686,086	4,098,341	2,686,086
Sewer	-	-	2,833,860	2,187,851	2,833,860	2,187,851
Storm drain	-	-	-	-	-	-
Total expenses	12,099,909	11,742,549	6,932,201	4,873,936	19,032,111	16,616,485
Excess (deficiency) before transfers	10,745,575	2,333,842	5,245,136	7,943,295	15,990,711	10,277,137
Transfers in (out)	1,270,820	1,040,376	(1,270,820)	(1,040,376)	-	-
Change in net position	\$ 12,016,395	3,374,219	3,974,316	6,902,919	15,990,711	10,277,137

For the City as a whole, total revenues increased by \$8,129,198 compared to the previous year, while total expenses increased by \$2,415,626. The total net change of \$15,990,711 is, in private sector terms, the net income for the year which is \$5,713,574 more than the previous year.

Governmental activities revenues of \$22,845,484 is an increase of \$8,769,093 from the previous year. This is primarily due to an increase in capital grants. Governmental activities expenses of \$12,099,909 is an increase of \$357,360 from the previous year. While highways and improvements expenses decreased, all other department expenses increased.

Business-type activities revenue of \$12,177,337 is a decrease of \$639,894 from the previous year. Service revenues increased by \$468,321 and capital grants decreased by \$1,407,982. Business-type activities expenses of \$6,932,201 is an increase of \$2,058,265 from the previous year. This is due to an overall increase in operating expenses.

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$2,643,831 reflects a decrease of \$1,096,651 from the previous year. Total revenues increased by \$4,067,878. Tax revenues, including property taxes and sales taxes, increased by \$1,169,070. Intergovernmental revenue increased by \$131,472. Revenues from charges for services increased by \$2,074,387. Revenues from licenses and permits increased by \$389,406. All other revenues increased by \$303,543.

Total expenditures increased by \$831,814. General government expenditures decreased by \$123,543, public safety expenditures increased by \$211,115, streets and highways expenditures increased by \$48,240, sanitation expenditures increased by \$84,008, parks and recreation expenditures increased by \$417,340, and cemetery expenditures decreased by \$13,214. Debt service expenses increased by \$207,870.

Fund balance restricted for parks and recreation amounted to \$229,612. Assigned fund balance amounted to \$689,438. The unassigned fund balance amounted to \$1,724,781.

Water Fund

The change in net position (net income) was \$2,274,689, which was \$3,921,623 less than the prior year's net change. Net position restricted for construction, debt service and money in lieu of water was \$1,283,353, \$819,329 and \$2,875,806 respectively. Unrestricted net position amounts to \$6,460,882.

Sewer Fund

The change in net position (net income) was \$1,278,238, which was \$932,189 more than the previous year's net change. Net position restricted for construction and debt service was \$5,762,878 and \$1,420,858, respectively. Unrestricted net position amounts to \$202,101.

Storm Drain Fund

The change in net position (net income) was \$421,388, which was \$60,830 more than the previous year's net change. Unrestricted net position amounts to \$483,432.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$12,383,762. This amount was amended in the final budget to \$15,564,629. Actual revenues, excluding transfers, amounted to \$14,340,308.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$10,857,022. This amount was amended in the final budget to \$11,287,030. Actual expenditures amounted to \$10,550,027.

Transfers in for the year were originally budgeted in the amount of \$1,276,300. The final budget for transfers in was for the amount of \$1,302,150. Actual transfers in were made in the amount of \$1,302,150. Transfers out for the year were originally budgeted in the amount of \$2,929,255. The final budget for transfers out was for the amount of \$5,790,105. Actual transfers out were made in the amount of \$6,189,082.

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

CAPITAL ASSETS AND DEBT ADMINISTRATION

Santaquin City Corporation's Capital Assets (net of depreciation)

	Governmental Activities		Business-type Activities		Total Current Year	Total Previous Year
	Current Year	Previous Year	Current Year	Previous Year		
Net Capital Assets:						
Land	\$ 3,575,919	1,409,042	124,032	124,032	3,699,951	1,533,074
Water shares and rights	-	-	535,148	535,148	535,148	535,148
Buildings	15,916,054	4,626,168	11,110	13,674	15,927,164	4,639,841
Improvements	5,445,472	2,173,112	-	-	5,445,472	2,173,112
Water system	-	-	17,422,679	9,548,464	17,422,679	9,548,464
Sewer system	-	-	12,127,981	12,858,912	12,127,981	12,858,912
Infrastructure	17,581,571	16,947,826	-	-	17,581,571	16,947,826
Machinery and equipment	2,414,739	1,520,007	60,641	7,175	2,475,380	1,527,181
Work in progress	7,882,195	16,165,900	1,800,793	8,674,222	9,682,988	24,840,122
Totals	\$ 52,815,951	42,842,055	32,082,383	31,761,628	84,898,334	74,603,683

The total amount of capital assets, net of depreciation, of \$84,898,334 is an increase of \$10,294,652 from the previous year.

Governmental activities capital assets, net of depreciation, of \$52,815,951 is an increase of \$9,973,896 from the previous year.

Business-type activities capital assets, net of depreciation, of \$32,082,383 is an increase of \$320,756 from the previous year.

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

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2024

Santaquin City Corporation's Outstanding Debt

	Current Year	Previous Year
Governmental activities:		
2015 Pierce Saber Pumper Fire Truck	\$ -	52,495
2018 Fire SCBA Equip Lease	26,161	51,263
2021 Equipment Lease	369,697	551,372
2018 Excise Tax Rev Bonds	2,294,000	2,711,000
2023 Interfund Loan from PI to CP	3,458,419	3,362,991
2015 LBA Lease Revenue	1,625,000	1,739,000
2020 Sales Tax Revenue Bonds	5,585,000	5,855,000
2020 Sales Tax Revenue Premiums	398,005	424,539
Total governmental	\$ 13,756,283	14,747,660
Business-type activities:		
2011A-1 Sewer Revenue Bond	\$ 2,394,000	2,742,000
2011B Sewer Revenue Bond	900,000	900,000
2018 WA Booster Pump/Tank	1,415,500	1,479,000
2018 PI Booster Pump/Tank	1,415,500	1,479,000
2021 Water Rev & Ref	10,245,000	10,742,000
2011A-2 Sewer Revenue	2,379,712	2,434,281
Total business-type	\$ 18,749,712	19,776,281
Total outstanding debt	\$ 32,505,994	34,523,941

Additional information regarding the long-term liabilities may be found in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Santaquin City Corporation's finances for all those with an interest in the City's finances. Questions concerning any information provided in this report or requests for additional financial information should be addressed to Santaquin City Recorder, 100 South Center Street, Santaquin, UT 84655.

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BASIC FINANCIAL STATEMENTS

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Santaquin City Corporation
STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 15,933,840	3,354,465	19,288,305
Accounts receivable, net	2,395,912	773,461	3,169,373
Due from other funds	-	3,458,419	3,458,419
Other current assets	-	31,769	31,769
Total current assets	<u>18,329,752</u>	<u>7,618,114</u>	<u>25,947,866</u>
Non-current assets:			
Restricted cash and cash equivalents	3,684,085	13,707,817	17,391,902
Capital assets:			
Not being depreciated	29,039,686	2,459,973	31,499,659
Net of accumulated depreciation	23,776,265	29,622,410	53,398,676
Net pension asset	57,577	15,305	72,882
Total non-current assets	<u>56,557,612</u>	<u>45,805,506</u>	<u>102,363,118</u>
Total assets	<u>74,887,364</u>	<u>53,423,620</u>	<u>128,310,985</u>
Deferred outflows of resources - pensions	921,214	244,880	1,166,094
Total assets and deferred outflows of resources	<u>\$ 75,808,578</u>	<u>53,668,500</u>	<u>129,477,079</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 11,709,661	124,980	11,834,640
Accrued interest payable	73,368	109,116	182,484
Customer security deposits	-	54,325	54,325
Long-term debt due within one year	1,094,261	1,038,230	2,132,490
Total current liabilities	<u>12,877,290</u>	<u>1,326,650</u>	<u>14,203,940</u>
Non-current liabilities:			
Compensated absences	617,131	238,348	855,479
Net pension liability	715,418	190,175	905,593
Long-term debt due after one year	12,662,021	17,711,482	30,373,503
Closure and post closure costs	49,673	-	49,673
Total non-current liabilities	<u>14,044,243</u>	<u>18,140,005</u>	<u>32,184,248</u>
Total liabilities	<u>26,921,533</u>	<u>19,466,655</u>	<u>46,388,188</u>
Deferred inflows of resources	12,349	-	12,349
Deferred inflows of resources - pensions	56,206	14,941	71,147
Total liabilities and deferred inflows of resources	<u>26,990,089</u>	<u>19,481,596</u>	<u>46,471,684</u>
NET POSITION:			
Net investment in capital assets	39,059,669	13,332,672	52,392,341
Restricted for:			
Debt service	2,259	2,240,187	2,242,446
Capital projects and impact fees	2,719,463	8,591,825	11,311,287
Money in lieu of water	-	2,875,806	2,875,806
Other restrictions	1,907,465	-	1,907,465
Unrestricted	5,129,634	7,146,415	12,276,049
Total net position	<u>48,818,490</u>	<u>34,186,905</u>	<u>83,005,394</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 75,808,578</u>	<u>53,668,500</u>	<u>129,477,079</u>

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

Santaquin City Corporation
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

<u>FUNCTIONS/PROGRAMS:</u>	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
Primary government:					
Governmental activities:					
General government	\$ 2,271,410	3,219,305	-	-	947,895
Public safety	4,537,416	572,396	55,490	148,381	(3,761,150)
Highways and public improvements	1,100,271	-	890,278	4,830,007	4,620,015
Sanitation	889,019	1,351,448	-	-	462,429
Parks, recreation and public property	2,780,069	656,246	14,718	1,028,518	(1,080,587)
Cemetery	204,429	92,931	-	-	(111,498)
Interest on long-term debt	317,296	-	-	-	(317,296)
Total governmental activities	12,099,909	5,892,326	960,486	6,006,906	759,809
Business-type activities:					
Water and irrigation	4,098,341	4,318,132	-	2,550,199	2,769,990
Sewer	2,833,860	2,865,527	-	1,167,948	1,199,615
Storm Drain	-	158,959	-	237,808	396,767
Total business-type activities	6,932,201	7,342,618	-	3,955,955	4,366,372
Total primary government	\$ 19,032,111	13,234,944	960,486	9,962,862	5,126,181

(continued on next page)

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

Santaquin City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2024

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ 759,809	4,366,372	5,126,181
General revenues:			
Property taxes	2,019,844	-	2,019,844
Sales tax	3,314,232	-	3,314,232
Other taxes	1,183,076	-	1,183,076
Unrestricted investment earnings	1,039,238	878,764	1,918,002
Gain on sale of capital assets	2,225,719	-	2,225,719
Miscellaneous	203,657	-	203,657
Transfers in (out)	1,270,820	(1,270,820)	-
Total general revenues and transfers	<u>11,256,586</u>	<u>(392,056)</u>	<u>10,864,530</u>
Change in net position	12,016,395	3,974,316	15,990,711
Net position - beginning	<u>36,802,095</u>	<u>30,212,589</u>	<u>67,014,684</u>
Net position - ending	<u>\$ 48,818,490</u>	<u>34,186,905</u>	<u>83,005,394</u>

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

Santaquin City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 12,685,389	3,197,005	51,446	15,933,840
Accounts receivable, net of allowances	309,040	2,086,872	-	2,395,912
Restricted cash and cash equivalents	231,507	-	3,452,578	3,684,085
TOTAL ASSETS	\$ 13,225,936	5,283,877	3,504,024	22,013,836
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable	\$ 17,383	1,141,491	(1,586)	1,157,288
Accrued liabilities	10,552,372	-	-	10,552,372
Total liabilities	10,569,756	1,141,491	(1,586)	11,709,661
Deferred inflows of resources	12,349	-	-	12,349
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	10,582,105	1,141,491	(1,586)	11,722,010
FUND BALANCES:				
Restricted for:				
Parks and recreation	229,612	-	-	229,612
Capital projects	-	945,381	-	945,381
Impact fees and grants	-	-	2,719,463	2,719,463
Comm. Develop. and Renewal Agency	-	-	719,973	719,973
Local Building Authority	-	-	2,259	2,259
Santaquin SSD	-	-	12,499	12,499
Committed for:				
Senior citizens	-	-	51,415	51,415
Assigned for:				
Capital projects	-	3,197,005	-	3,197,005
Events	123,814	-	-	123,814
Museum	9,484	-	-	9,484
Royalty	15,875	-	-	15,875
Administration	12,915	-	-	12,915
Recreation classes	29,498	-	-	29,498
Library	48,958	-	-	48,958
Fire department	448,894	-	-	448,894
Unassigned	1,724,781	-	-	1,724,781
TOTAL FUND BALANCES	2,643,831	4,142,386	3,505,609	10,291,826
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,225,936	5,283,877	3,504,024	22,013,836

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

Santaquin City Corporation
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2024

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 2,019,844	-	-	2,019,844
Sales	3,314,232	-	-	3,314,232
Other taxes	1,183,076	-	-	1,183,076
License and permits	1,206,686	-	-	1,206,686
Intergovernmental revenues	960,486	4,605,304	-	5,565,790
Charges for services	4,420,324	-	30,548	4,450,872
Fines and forfeitures	234,768	-	-	234,768
Interest	797,236	2	242,001	1,039,238
Miscellaneous revenue	203,657	-	-	203,657
Total revenues	14,340,308	4,605,306	272,549	19,218,163
EXPENDITURES:				
General government	1,999,670	1,833,175	2,285	3,835,130
Public safety	3,810,652	722,668	24,981	4,558,301
Highways and public improvements	914,493	4,090,172	2,995,645	8,000,310
Sanitation	889,019	-	-	889,019
Parks, recreation and public property	2,113,552	23,550	1,066,631	3,203,733
Cemetery	195,411	1,303,117	-	1,498,528
Debt service:				
Principal	444,572	676,271	114,000	1,234,843
Interest	182,660	96,957	71,528	351,144
Total expenditures	10,550,027	8,745,910	4,275,070	23,571,007
Excess (Deficiency) of Revenues over (Under) Expenditures	3,790,281	(4,140,604)	(4,002,521)	(4,352,844)
Other Financing Sources and (Uses):				
Impact fees	-	-	1,401,603	1,401,603
Loan proceeds	-	270,000	-	270,000
Gain on sale of capital assets	-	234,278	2,043,285	2,277,563
Transfers in	1,302,150	5,791,871	420,881	7,514,902
Transfers (out)	(6,189,082)	(55,000)	-	(6,244,082)
Total other financing sources and (uses)	(4,886,932)	6,241,149	3,865,768	5,219,985
Net Change in Fund Balances	(1,096,651)	2,100,545	(136,753)	867,141
Fund balances - beginning of year	3,740,482	2,041,841	3,642,362	9,424,685
Fund balance - end of year	\$ 2,643,831	4,142,386	3,505,609	10,291,826

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

Santaquin City Corporation
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**
June 30, 2024

Total Fund Balance for Governmental Funds	<u>\$ 10,291,826</u>
Total net assets reported for governmental activities in the statement is different because:	
Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds:	
Capital assets, at cost	63,755,920
Less accumulated depreciation	<u>(10,939,969)</u>
Net capital assets	<u>52,815,951</u>
Net pension asset	<u>57,577</u>
Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>921,214</u>
Long-term liabilities, for funds other than enterprise funds, are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(13,756,282)</u>
Interest accrued but not yet paid on long-term debt	<u>(73,368)</u>
Compensated absences	<u>(617,131)</u>
Closure and post closure costs	<u>(49,673)</u>
Net pension liability	<u>(715,418)</u>
Deferred inflows of resources - pensions	<u>(56,206)</u>
Total Net Position of Governmental Activities	<u>\$ 48,818,490</u>

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

Santaquin City Corporation
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds	<u>\$ 867,141</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with a material cost are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expenses.</p>	
Capital outlays	10,901,152
Depreciation expense	<u>(875,411)</u>
Net	<u>10,025,740</u>
<p>The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.</p>	
	<u>136,140</u>
<p>Gain (loss) from retired capital assets</p>	
	<u>(51,844)</u>
<p>Long-term debt proceeds are reported as financing sources in governmental funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.</p>	
Long-term debt issuance	<u>(270,000)</u>
<p>Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>	
Long-term debt principal repayments	1,234,843
Amortization of premiums	<u>26,534</u>
<p>Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.</p>	
Change in accrued interest	<u>7,314</u>
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds.</p>	
Change in compensated absence liability	<u>40,527</u>
Change in landfill post closure liability	<u>-</u>
Change in Net Position of Governmental Activities	<u><u>\$ 12,016,395</u></u>

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

Santaquin City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2024

	Water Fund	Sewer Fund	Non-major Storm Drain Fund	Total Proprietary Funds
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:				
Assets:				
Current assets:				
Cash and cash equivalents	\$ 2,884,311	-	470,154	3,354,465
Accounts receivable, net	510,614	249,569	13,278	773,461
Due from other funds	3,458,419	-	-	3,458,419
Other current asset	-	31,769	-	31,769
Total current assets	6,853,344	281,338	483,432	7,618,114
Non-current assets:				
Restricted cash and cash equivalents	4,978,488	7,183,736	1,545,593	13,707,817
Capital assets:				
Not being depreciated	2,155,682	304,291	-	2,459,973
Net of accumulated depreciation	17,442,276	12,180,134	-	29,622,410
Net pension asset	8,746	6,559	-	15,305
Total non-current assets	24,585,192	19,674,721	1,545,593	45,805,506
Total assets	31,438,536	19,956,059	2,029,025	53,423,620
Deferred outflows of resources - pensions	139,931	104,948	-	244,880
Total assets and deferred outflows of resources	\$ 31,578,468	20,061,007	2,029,025	53,668,500
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 123,039	1,941	-	124,980
Accrued interest payable	89,671	19,445	-	109,116
Customer security deposits	54,325	-	-	54,325
Long-term debt, current position	630,000	408,230	-	1,038,230
Total current liabilities	897,035	429,615	-	1,326,650
Non-current liabilities:				
Compensated absences	156,896	81,452	-	238,348
Net pension liability	108,671	81,503	-	190,175
Long-term debt, long-term portion	12,446,000	5,265,482	-	17,711,482
Total non-current liabilities	12,711,567	5,428,438	-	18,140,005
Total liabilities	13,608,602	5,858,053	-	19,466,655
Deferred inflows of resources - pensions	8,538	6,403	-	14,941
Total liabilities and deferred inflows of resources	13,617,139	5,864,456	-	19,481,596
NET POSITION:				
Net investment in capital assets	6,521,959	6,810,713	-	13,332,672
Restricted for:				
Money in lieu of water	2,875,806	-	-	2,875,806
Construction	1,283,353	5,762,878	1,545,593	8,591,825
Debt service	819,329	1,420,858	-	2,240,187
Unrestricted	6,460,882	202,101	483,432	7,146,415
Total net position	17,961,328	14,196,551	2,029,025	34,186,905
Total liabilities, deferred inflows of resources and net position	\$ 31,578,468	20,061,007	2,029,025	53,668,500

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

Santaquin City Corporation
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS

For the Year Ended June 30, 2023

	Water Fund	Sewer Fund	Non-Major Storm Drain Fund	Total Proprietary Funds
Operating income:				
Charges for sales and service	\$ 3,825,793	2,865,527	158,959	6,850,279
Connection fees	128,244	-	-	128,244
Other operating income	364,095	-	-	364,095
Total operating income	4,318,132	2,865,527	158,959	7,342,618
Operating expenses:				
Personnel services	943,431	481,157	-	1,424,588
Utilities	228,963	151,645	-	380,608
Repair and maintenance	529,491	449,924	-	979,415
Professional services	73,276	-	-	73,276
Other supplies and expenses	101,459	51,170	-	152,629
Water assessment	49,207	-	-	49,207
Administrative overhead	1,000,000	700,000	-	1,700,000
Depreciation expense	925,253	893,070	-	1,818,324
Total operating expense	3,851,080	2,726,966	-	6,578,046
Net operating income (loss)	467,052	138,561	158,959	764,572
Non-operating income (expense):				
Impact fees	943,947	1,167,948	237,808	2,349,703
Interest income	298,575	502,879	77,309	878,764
Interest on long-term debt	(247,261)	(106,894)	-	(354,155)
Total non-operating income (expense)	995,261	1,563,933	315,118	2,874,312
Income (loss) before capital contributions and transfers	1,462,313	1,702,494	474,076	3,638,884
Capital contributions	1,606,252	-	-	1,606,252
Transfers in	95,379	566,272	-	661,651
Transfers out	(889,255)	(990,528)	(52,688)	(1,932,471)
Change in net position	2,274,689	1,278,238	421,388	3,974,316
Net position - beginning	15,686,639	12,918,313	1,607,637	30,212,589
Net position - ending	\$ 17,961,328	14,196,551	2,029,025	34,186,905

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

Santaquin City Corporation
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024

	Water Fund	Sewer Fund	Non-Major Storm Drain Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 4,221,061	2,824,248	156,524	7,201,834
Cash paid to suppliers	(1,904,249)	(1,374,307)	-	(3,278,556)
Cash paid to employees	(955,138)	(492,057)	-	(1,447,195)
Net cash provided (used) in operating activities	1,361,674	957,884	156,524	2,476,083
Cash flows from noncapital financing activities:				
Net transfers in (out)	(793,876)	(424,256)	(52,688)	(1,270,820)
Interfund activity	(95,428)	-	-	(95,428)
Change in customer deposits	4,650	-	-	4,650
Net cash provided (used) in noncapital financing activities	(884,654)	(424,256)	(52,688)	(1,361,598)
Cash flows from capital and related financing activities:				
Cash received from impact fees	943,947	1,167,948	237,808	2,349,703
Cash from capital grants	1,496,907	-	-	1,496,907
Cash paid for capital assets	(1,744,170)	(394,909)	-	(2,139,079)
Cash payments for long-term debt principal	(624,000)	(402,570)	-	(1,026,570)
Cash payments for long-term debt interest	(249,608)	(108,702)	-	(358,310)
Net cash provided (used) in capital and related financing activities	(176,924)	261,767	237,808	322,652
Cash flows from investing activities:				
Cash received from interest earned	298,575	502,879	77,309	878,764
Net cash provided (used) in investing activities	298,575	502,879	77,309	878,764
Net increase (decrease) in cash	598,671	1,298,274	418,954	2,315,899
Cash balance - beginning	7,264,128	5,885,462	1,596,793	14,746,383
Cash balance - ending	\$ 7,862,799	7,183,736	2,015,747	17,062,282
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 2,884,311	-	470,154	3,354,465
Non-current restricted cash	4,978,488	7,183,736	1,545,593	13,707,817
Total cash and cash equivalents	\$ 7,862,799	7,183,736	2,015,747	17,062,282

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

Santaquin City Corporation
STATEMENT OF CASH FLOWS (continued)
For the Year Ended June 30, 2024

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

	Water Fund	Sewer Fund	Non-Major Storm Drain Fund	Total Proprietary Funds
Net operating income (expense)	\$ 467,052	138,561	158,959	764,572
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	925,253	893,070	-	1,818,324
Changes in assets and liabilities:				
(Increase) decrease in receivables	(97,071)	(41,279)	(2,434)	(140,784)
(Increase) decrease in other assets	-	-	-	-
(Increase) decrease in net pension asset	474	355	-	829
(Increase) decrease in deferred outflows	(35,983)	(26,987)	-	(62,971)
Increase (decrease) in payables	78,147	(21,568)	-	56,579
Increase (decrease) in compensated absences	8,972	4,610	-	13,582
Increase (decrease) in net pension liability	14,504	10,878	-	25,382
Increase (decrease) in deferred inflows	326	244	-	570
Net cash provided (used) in operating activities	\$ 1,361,674	957,884	156,524	2,476,083

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1-A. Reporting entity

Santaquin City Corporation (the City), is a municipal corporation located in Utah County, Utah. The City operates under a Mayor-Council form of government with an elected mayor and five council members.

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable.

Santaquin SSD – The City’s Santiquin Special Service District has the same governing bod as the City’s and is therefore included as part of the operating entity using the blended method.

Community Development & Renewal Agency – The City’s Community Development & Renewal Agency has the same governing body as the City’s and is therefore included as part of the operating entity using the blended method.

Local Building Authority – The City’s Local Building Authority has the same governing bod as the City’s and is therefore included as part of the operating entity using the blended method.

1-B. Government-wide and fund financial statements

Government-wide Financial Statements

The government-wide financial statements, consisting of the statement of net position and the statement of activities report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect expenses are not allocated. All expenses are included in the applicable function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privilege provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, if any, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statement.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

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

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

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

Property taxes, sales taxes, intergovernmental revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments, if any, receivable within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

Policy regarding use of restricted resources

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

1-D. Fund types and major funds

Governmental funds

The City reports the following major governmental funds:

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

The *capital projects fund* is used to account for the acquisition or construction of major capital facilities of the City (other than those financed by proprietary funds).

The City reports the following as non-major governmental funds:

The *senior citizens fund* is used to account for activities relating to senior citizens.

The *park impact fees fund* is used to account for the collection and use of park impact fees.

The *public safety impact fees fund* is used to account for the collection and use of public safety impact fees.

The *transportation impact fees fund* is used to account for the collection and use of transportation impact fees.

The *community development and renewal agency fund* accounts for the activities of the agency.

The *local building authority fund* accounts for the activities of the Local Building Authority.

The *Santaquin special service district fund* is used to account for the water share activity.

Proprietary funds

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

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

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

The *storm drain fund* is used to account for the activities of the storm drain operations.

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

1-E-1. Deposit and Investments

Investments are reported at fair value. Deposits are reported at cost, which approximates fair value. Investments of the City are accounts at the Utah Public Treasurers Investments Fund. Additional information is contained in Note 3.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

1-E-1. Deposit and Investments (continued)

Investments are recorded at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application. Accordingly, the change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

1-E-2. Cash and Cash Equivalents

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

1-E-3. Receivables and Payables

Accounts receivable other than property taxes and intergovernmental receivables are from customers primarily for utility services. Property tax and intergovernmental receivables are considered collectible. Customer accounts are reported net of any allowance for uncollectible accounts. Allowance for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. For the year ended June 30, 2024, the City reported \$105,612 as allowance for uncollectible accounts receivable.

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

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

1-E-4. Restricted Assets

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

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

1-E-5. Inventories and Prepaid items

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

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

1-E-6. Capital Assets

Capital assets includes property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), and are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or at estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Infrastructure is depreciated.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30-45
Improvements	30-45
Water system	30-45
Sewer system	30-45
Infrastructure	30-45
Vehicles and equipment	5-15

1-E-7. Long-term Obligations

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

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

1-E-8. Fund Equity

Government-wide Financial Statements

Equity is classified in the government-wide financial statements as net position and is displayed in three components:

Net investment in capital assets - Capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund Financial Statements

In the fund financial statements governmental fund equity is classified as fund balance. Fund balance is further classified as Nonspendable, Restricted, Committed, Assigned or Unassigned. Descriptions of each follow:

Nonspendable fund balance - This classification includes amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

Restricted fund balance - This classification includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of the government or b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - This classification includes amounts that can only be used for specific purposes established by formal action of the City Council, with is the City's highest level of decision making authority. Fund balance commitments can only be removed or changed by the same type of action (for example resolution) of the City Council. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned fund balance - This classification includes amounts that the City intends to be used for a specific purpose but are neither restricted nor committed. These are established by the City Council. This category includes the remaining positive fund balances for governmental funds other than the general fund.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

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

1-E-8. Fund Equity (continued)

Unassigned fund balance - Residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

Proprietary fund equity is classified the same as in the government-wide statements.

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

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

In addition to liabilities, the statement of net position will sometimes include a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The City has only one type of deferred inflows of resources. Property taxes to be collected in November were unavailable in the current fiscal year. Accordingly, these property taxes are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The city also reports deferred inflows of resources related to pensions as required by GASB 68.

1-E-10. Pensions

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

1-E-11. Estimates

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

2-A. Budgetary data

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

Utah State law prohibits the appropriation of unreserved General Fund balance to an amount less than 5% of the General Fund revenues. The 5% reserve that cannot be budgeted is used to provide working capital until tax revenue is received, to meet emergency expenditures, and to cover unanticipated deficits. Any unreserved General Fund balance greater than 35% of the current year's actual revenues must be appropriated within the following two years.

Once adopted, the budget may be amended by the City Council without hearing provided the budgeted expenditures do not exceed budgeted revenues and appropriated fund balance. A public hearing must be held if the budgeted expenditures will exceed budgeted revenues and any fund balance which is available for budgeting. With the consent of the Mayor, department heads may reallocate unexpended appropriated balances from one expenditure account to another within that department during the budget year. Budgets for the General Fund are prepared on the modified accrual basis of accounting. Encumbrances are not used.

NOTE 3 - DETAILED NOTES

3-A. Deposits and investments

Cash and investments as of June 30, 2024, consist of the following:

	Fair Value
Demand deposits - checking	\$ 705,507
State Treasurer's Investment Pool	35,974,700
Total cash	\$ 36,680,207

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

Cash and cash equivalents (current)	\$ 19,288,305
Restricted cash and cash equivalents (non-current)	17,391,902
Total cash and cash equivalents	\$ 36,680,207

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 72.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-A. Deposits and investments (continued)

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

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

Fair value of investments

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2024, the City had \$35,974,700 invested in the PTIF, which uses a Level 2 fair value measurement.

Deposit and investment risk

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

Interest rate risk

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-A. Deposits and investments (continued)

Credit risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. At June 30, 2024, \$1,902,884 of the City's demand deposits of \$2,851,801 were uninsured. The book balance at year-end was \$705,507.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of credit risk

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

3-B. Receivables

The allowance policy is described in Note 1-E-3. Receivables as of year-end for the City's funds are shown below:

	General Fund	Capital Projects	Water Fund	Sewer Fund	Storm Drain Fund	Total
Intergovernmental	\$ 172,943	2,086,872	109,345	-	-	2,369,160
Installments	12,349	-	-	-	-	12,349
Customers	137,275	-	464,541	276,926	14,734	893,476
Total receivables	322,567	2,086,872	573,886	276,926	14,734	3,274,985
Allowance for uncollectibles	(13,527)	-	(63,272)	(27,357)	(1,456)	(105,612)
Net receivables	\$ 309,040	2,086,872	510,614	249,569	13,278	3,169,373

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-C. Capital assets

Capital asset activity for governmental activities was as follows:

Governmental activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and rights	\$ 1,409,042	2,166,877	-	3,575,919
Infrastructure	16,947,826	633,745	-	17,581,571
Construction in progress	16,165,900	8,611,068	16,894,772	7,882,195
Total capital assets, not being depreciated	34,522,768	11,411,690	16,894,772	29,039,686
Capital assets, being depreciated:				
Buildings	8,114,820	11,545,977	-	19,660,797
Improvements other than buildings	2,996,953	3,434,733	-	6,431,685
Machinery and equipment	7,307,851	1,403,524	87,624	8,623,751
Total capital assets, being depreciated	18,419,624	16,384,234	87,624	34,716,234
Less accumulated depreciation for:				
Buildings	3,488,652	256,091	-	3,744,743
Improvements other than buildings	823,840	162,373	-	986,213
Machinery and equipment	5,787,844	456,948	35,780	6,209,012
Total accumulated depreciation	10,100,337	875,411	35,780	10,939,969
Total capital assets being depreciated, net	8,319,287	15,508,823	51,844	23,776,265
Governmental activities capital assets, net	\$ 42,842,055	26,920,513	16,946,616	52,815,951

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

Governmental activities:	
General government	\$ 20,833
Public safety	332,385
Highways and public improvements	217,706
Parks, recreation and public property	297,719
Cemetery	6,768
Total	\$ 875,411

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-C. Capital assets (continued)

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

Business-type activities	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 124,032	-	-	124,032
Water shares	535,148	-	-	535,148
Construction in progress	8,674,222	1,853,627	8,727,056	1,800,793
Total capital assets, not being depreciated	9,333,403	1,853,627	8,727,056	2,459,973
Capital assets, being depreciated:				
Buildings and improvements	275,389	-	-	275,389
Water distribution system	23,337,481	8,797,368	-	32,134,849
Sewer collection/treatment system	29,252,613	157,231	-	29,409,844
Machinery and equipment	501,764	57,910	-	559,674
Total capital assets, being depreciated	53,367,247	9,012,509	-	62,379,756
Less accumulated depreciation for:				
Buildings and improvements	261,716	2,564	-	264,280
Water distribution system	13,789,016	923,153	-	14,712,170
Sewer collection system	16,393,701	888,162	-	17,281,863
Machinery and equipment	494,589	4,444	-	499,033
Total accumulated depreciation	30,939,022	1,818,324	-	32,757,346
Total capital assets being depreciated, net	22,428,225	7,194,185	-	29,622,410
Business-type activities capital assets, net	\$ 31,761,628	9,047,812	8,727,056	32,082,383

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

Business-type activities:	
Water	\$ 925,253
Sewer	893,070
Total	\$ 1,818,324

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-D. Long-term debt

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

	Original Principal	%	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings:							
2015 Pierce Saber Pumper Fire Truck							
Matures 6/24/2024	\$ 446,032	3.82	\$ 52,495	-	52,495	-	-
2018 Fire SCBA Equip Lease							
Matures 9/26/2024	169,173	4.22	51,263	-	25,102	26,161	26,161
2021 Equipment Lease							
Matures 8/15/2025	731,500	4.22	551,372	-	181,675	369,697	183,783
2023 Interfund Loan from PI to CP							
Matures 9/1/2041	3,632,991	1.00	3,362,991	270,000	174,572	3,458,419	176,317
Bonds:							
2018 Excise Tax Rev Bonds							
Matures 7/15/2028	4,300,000	2.50	2,711,000	-	417,000	2,294,000	428,000
2015 LBA Lease Revenue							
Matures 7/1/2035	2,500,000	4.17	1,739,000	-	114,000	1,625,000	-
2020 Sales Tax Revenue Bonds							
Matures 7/1/2035	6,655,000	4.17	5,855,000	-	270,000	5,585,000	280,000
2020 Sales Tax Revenue Premiums			424,539	-	26,534	398,005	-
Total governmental activity long-term liabilities			\$ 14,747,660	270,000	1,261,377	13,756,283	1,094,261

Bond debt service requirements to maturity for governmental activities are as follows:

	Principal	Interest	Total
2025	\$ 1,094,261	281,147	1,375,407
2026	1,214,995	282,745	1,497,740
2027	1,065,861	246,961	1,312,822
2028	1,099,660	210,684	1,310,344
2029	1,141,476	171,774	1,313,250
2030 - 2034	3,460,274	570,548	4,030,821
2035 - 2039	3,256,492	230,431	3,486,923
2040 - 2042	1,025,258	20,546	1,045,804
Total	\$ 13,358,278	2,014,835	15,373,113

The City has outstanding bonds and other direct borrowings related to governmental activities totaling \$9,504,000 and \$3,854,278, respectively. The outstanding bonds and other direct borrowings are all secured with their respective revenues and/or property and equipment.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-D. Long-term debt (continued)

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Bonds:							
2011A-1 Sewer Revenue Bond							
Matures 1/1/2031	\$ 6,034,000	0.01	\$ 2,742,000	-	348,000	2,394,000	352,000
2011B Sewer Revenue Bond							
Matures 1/1/2033	900,000	1.00	900,000	-	-	900,000	-
2018 WA Booster Pump/Tank							
Matures 1/1/2039	1,720,500	1.00	1,479,000	-	63,500	1,415,500	64,500
2018 PI Booster Pump/Tank							
Matures 1/1/2039	1,720,500	1.00	1,479,000	-	63,500	1,415,500	64,500
2021 Water Rev & Ref							
Matures 1/1/2039	11,236,000	1.00	10,742,000	-	497,000	10,245,000	501,000
2011A-2 Sewer Revenue							
Matures 2/15/2052	2,912,000	3.00	2,434,281	-	54,570	2,379,712	56,230
Total business-type activity long-term liabilities			\$ 19,776,281	-	1,026,570	18,749,712	1,038,230

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

	Principal	Interest	Total
2025	\$ 1,038,230	342,261	1,380,491
2026	1,086,940	330,048	1,416,988
2027	1,101,702	316,279	1,417,982
2028	1,115,518	301,769	1,417,287
2029	1,131,389	286,528	1,417,918
2030 - 2034	5,529,067	1,174,836	6,703,903
2035 - 2039	4,447,159	717,434	5,164,593
2040 - 2044	2,437,316	246,376	2,683,692
2045 - 2049	544,003	90,257	634,260
2050 - 2052	318,388	13,041	331,429
Total	\$ 18,749,712	3,818,829	22,568,540

The City has outstanding bonds related to business-type activities totaling \$18,749,712. The outstanding bonds are all secured with their respective revenues and/or property and equipment.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

3-D. Long-term debt (continued)

Lease Requirements:

The City acquired the following assets through leases. Amortization of assets under lease are included in depreciation expense. As of June 30, 2024, the net book values are as follows:

	Governmental Activities
Machinery and equipment	\$ 922,044
Less accumulated depreciation	(922,044)
Net book value	\$ -

Lease requirements to maturity are included on the maturity schedule for governmental activities.

Other long-term liabilities:

	Beginning	Increase (Decrease)	Ending
Compensated absences:			
Governmental	\$ 657,658	(40,527)	617,131
Business-type	224,766	13,582	238,348
Total	\$ 882,424	(26,945)	855,479
 Net pension liability:			
Governmental	\$ 619,932	95,486	715,418
Business-type	164,792	25,383	190,175
Total	\$ 784,724	120,869	905,593

3-E. Interfund transactions and balances

Interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 1,302,150	6,189,082
Capital projects fund	5,791,871	55,000
Senior citizens	50,000	-
Transportation Impact Fees	141,763	-
Local building authority	187,778	-
Santaquin SSD	41,340	-
Water fund	95,379	889,255
Sewer fund	566,272	990,528
Storm drain fund	-	52,688
Total	\$ 8,176,552	8,176,552

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

NOTE 4 - OTHER INFORMATION

4-A. Risk management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City participates in the Utah Local Government Trust, a public agency insurance mutual, which provides coverage for property damage and general liability. The City is subject to a minimal deductible for claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Amounts of settlements have not exceeded insurance coverage in any of the past three fiscal years.

4-B. Rounding convention

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

4-C. Subsequent Events

In preparing these financial statements, the City has evaluated events and transactions for potential recognition or disclosure through the date of the audit report, which is the date the financial statements were available to be issued.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Pension Plans

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:

Defined Benefit Plans

Public Employees Noncontributory Retirement System (Noncontributory System) is a multiple employer, cost sharing, public employee retirement system;

Firefighters Retirement System (Firefighters System) is a multiple employer, cost sharing, retirement system;

Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple employer public employee retirement system;

Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;

Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

The Tier 2 Public Employees System became effective July 1, 2011. All eligible employees beginning on or after July 1, 2011, who have no previous service credit with any of the Utah Retirement Systems, are members of the Tier 2 Retirement System.

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems' defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the 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.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

4-D. Pension Plans (continued)

Benefits provided:

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

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

* with actuarial reductions

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Pension Plans (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 as of June 30, 2024, are as follows:

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

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 180,940	-
Public Safety System	160,875	-
Firefighters System	4,573	18,374
Tier 2 Public Employees System	164,044	-
Tier 2 Public Safety and Firefighter	148,022	14,267
Tier 2 DC Only System	35,412	-
Tier 2 DC Public Safety and Firefighter System	8,838	-
Total Contributions	\$ 702,705	\$ 32,641

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.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Pension Plans (continued)

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

At June 30, 2024, we reported a net pension asset of \$72,882 and a net pension liability of \$905,593.

	(Measurement Date): December 31, 2023				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2022	Change (Decrease)
Noncontributory System	\$ -	\$ 294,325	0.1268882%	0.1398423%	-0.0129541%
Public Safety System	-	484,893	0.3390472%	0.3803828%	-0.0413356%
Firefighters System	72,882	-	0.3105490%	0.2958401%	0.0147089%
Tier 2 Public Employees System	-	71,589	0.0367806%	0.0395088%	-0.0027282%
Tier 2 Public Safety and Firefighter	-	54,785	0.1454379%	0.1237613%	0.0216766%
Total	\$ 72,882	\$ 905,592			

The net pension asset and liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2023 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended June 30, 2024, we recognize pension expense of \$528,966.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 390,727	\$ 4,912
Changes in assumptions	219,523	1,181
Net difference between projected and actual earnings on pension plan investments	192,423	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,547	65,054
Contributions subsequent to the measurement date	345,874	-
Total	\$ 1,166,094	\$ 71,147

\$345,874 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2023. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
 June 30, 2024

4-D. Pension Plans (continued)

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

<u>Year Ended December 31,</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 201,634
2025	154,846
2026	367,809
2027	(62,219)
2028	12,455
Thereafter	74,548

Actuarial assumptions:

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

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

Mortality rates were adopted from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using 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, 2023, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Pension Plans (continued)

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Assets class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	35%	6.87%	2.40%
Debt securities	20%	1.54%	0.31%
Real assets	18%	5.43%	0.98%
Private equity	12%	9.80%	1.18%
Absolute return	15%	3.86%	0.58%
Cash and cash equivalents	0%	0.24%	0.00%
Totals	100.00%		5.45%
	Inflation		2.50%
	Expected arithmetic nominal return		7.95%

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

Discount rate:

The discount rate used to measure the total pension liability was 6.85 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions from all participating employers will be made at contractually required rates that are actuarially determined and certified by the URS Board. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate.

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

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

System	1% Decrease (5.95%)	Discount Rate (6.95%)	1% Increase (7.95%)
Noncontributory System	\$ 1,527,533	\$ 294,325	\$ (738,403)
Public Safety System	1,521,462	484,893	(359,846)
Firefighters System	86,973	(72,882)	(202,869)
Tier 2 Public Employees System	245,969	71,589	(63,643)
Tier 2 Public Safety and Firefighter	176,520	54,785	(42,605)
Total	\$ 3,558,458	\$ 832,711	\$ (1,407,365)

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2024

4-D. Pension Plans (continued)

Pension plan fiduciary net position:

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

Defined Contribution Savings Plan:

The Defined Contribution Savings Plans are administered by the Utah Retirement Systems Board and are generally supplemental plans to the basic retirement benefits of the Retirement Systems, but may also be used as a primary retirement plan. These plans are voluntary tax-advantaged retirement savings programs authorized under sections 401(k), 457(b) and 408 of the Internal Revenue code. Detailed information regarding plan provisions is available in the separately issued URS financial report. The City participates in the following Defined Contribution Savings Plans with the Utah Retirement Systems:

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

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

	2024	2023	2022
401(k) Plan			
Employer Contributions	\$ 115,761	\$ 104,954	\$ 85,768
Employee Contributions	58,260	44,815	57,415
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	34,030	27,692	23,326
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	29,678	23,699	24,208
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	135	965	-

REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)

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Santaquin City Corporation
Notes to Required Supplementary Information
June 30, 2024

Budgetary Comparison Schedules

The Budgetary Comparison Schedule presented in this section of the report is for the City's General Fund.

Budgeting and Budgetary Control

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

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

Current Year Excess of Expenditures over Appropriations

For the year ended June 30, 2024, expenditures for all departments were under budgeted amounts.

Changes in Assumptions Related to Pensions

Changes include updates to the mortality improvement assumption, salary increase assumption, disability incidence assumption, assumed retirement rates, and assumed termination rates, as recommended with the January 1, 2023 actuarial experience study.

Santaquin City Corporation
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 1,924,284	1,979,284	2,019,844	40,560
Sales	2,996,925	3,306,925	3,314,232	7,307
Other taxes	1,087,775	1,087,775	1,183,076	95,301
License and permits	625,350	1,165,350	1,206,686	41,336
Intergovernmental revenues	812,668	1,032,141	960,486	(71,655)
Charges for services	4,166,600	4,348,450	4,420,324	71,874
Fines and forfeitures	237,500	237,500	234,768	(2,732)
Interest	203,000	745,000	797,236	52,236
Miscellaneous revenue	329,660	1,662,204	203,657	(1,458,547)
Total revenues	12,383,762	15,564,629	14,340,308	(1,224,321)
EXPENDITURES:				
General government	2,949,981	2,974,981	2,626,902	348,079
Public safety	3,813,529	3,921,196	3,810,652	110,544
Highways and public improvements	923,352	943,352	914,493	28,859
Sanitation	821,000	911,000	889,019	21,981
Parks, recreation and public property	2,117,878	2,305,219	2,113,552	191,667
Cemetery	231,282	231,282	195,411	35,871
Total expenditures	10,857,022	11,287,030	10,550,027	737,002
Excess (Deficiency) of Revenues over (Under) Expenditures	1,526,740	4,277,599	3,790,281	(487,318)
Other Financing Sources and (Uses):				
Transfers in	1,276,300	1,302,150	1,302,150	-
Transfers (out)	(2,929,255)	(5,790,105)	(6,189,082)	(398,977)
Total other financing sources and (uses)	(1,652,955)	(4,487,955)	(4,886,932)	(398,977)
Net Change in Fund Balances	(126,215)	(210,356)	(1,096,651)	(886,295)
Fund balances - beginning of year	3,740,482	3,740,482	3,740,482	-
Fund balance - end of year	\$ 3,614,267	3,530,126	2,643,831	(886,295)

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

June 30, 2024

Last 10 Fiscal Years

	As of December 31,									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.1268882%	0.1398423%	0.1356882%	0.1375022%	0.1270077%	0.1253051%	0.1223531%	0.1219067%	0.1196808%	0.1283310%
Proportionate share of the net pension liability (asset)	\$ 294,325	\$ 239,515	\$ (777,101)	\$ 70,531	\$ 478,675	\$ 922,712	\$ 536,066	\$ 782,790	\$ 677,212	\$ 489,948
Covered employee payroll	\$ 1,009,317	\$ 1,087,089	\$ 1,030,271	\$ 1,113,317	\$ 1,046,159	\$ 1,038,995	\$ 1,024,428	\$ 1,035,444	\$ 996,660	\$ 972,290
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	29.16%	22.03%	-75.43%	6.34%	45.76%	88.81%	52.33%	75.60%	67.95%	50.40%
Plan fiduciary net position as a percentage of the total pension liability	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%	90.20%
Public Safety System										
Proportion of the net pension liability (asset)	0.3390472%	0.3803828%	0.3591978%	0.3375815%	0.3846112%	0.3764920%	0.3535016%	0.3690062%	0.3521190%	0.3020041%
Proportionate share of the net pension liability (asset)	\$ 484,893	\$ 491,863	\$ (291,720)	\$ 280,274	\$ 617,539	\$ 968,558	\$ 554,523	\$ 748,815	\$ 630,734	\$ 379,795
Covered employee payroll	\$ 447,514	\$ 533,316	\$ 496,247	\$ 477,647	\$ 553,539	\$ 541,782	\$ 524,521	\$ 547,351	\$ 517,969	\$ 465,866
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.35%	92.23%	-58.79%	58.68%	111.56%	178.77%	105.72%	136.81%	121.77%	81.50%
Plan fiduciary net position as a percentage of the total pension liability	93.44%	93.60%	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%	90.50%
Firefighters Retirement System										
Proportion of the net pension liability (asset)	0.3105409%	0.2958401%	0.1414369%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ (72,882)	\$ (76,831)	\$ (82,488)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 118,567	\$ 106,380	\$ 47,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-61.47%	-72.22%	-174.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	7.53%	108.40%	120.10%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tier 2 Public Employees Retirement System										
Proportion of the net pension liability (asset)	0.0367806%	0.0395088%	0.0361039%	0.0299816%	0.0265400%	0.0257681%	0.0253088%	0.0237908%	0.0286768%	0.0322847%
Proportionate share of the net pension liability (asset)	\$ 71,589	\$ 43,021	\$ (15,281)	\$ 4,312	\$ 5,969	\$ 11,036	\$ 2,231	\$ 2,654	\$ (63)	\$ (978)
Covered employee payroll	\$ 950,903	\$ 860,255	\$ 669,927	\$ 479,323	\$ 368,476	\$ 301,142	\$ 247,704	\$ 195,101	\$ 185,255	\$ 158,571
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	7.53%	5.00%	-2.28%	0.90%	1.62%	3.66%	0.90%	1.36%	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%	103.50%
Tier 2 Public Safety and Firefighters Retirement										
Proportion of the net pension liability (asset)	0.1454379%	0.1237613%	0.1225307%	0.1068969%	0.0850476%	0.0899718%	0.0495447%	0.0126808%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 54,785	\$ 10,325	\$ (6,193)	\$ 9,588	\$ 8,000	\$ 2,254	\$ (573)	\$ (110)	\$ -	\$ -
Covered employee payroll	\$ 551,069	\$ 380,787	\$ 293,018	\$ 20,864	\$ 140,183	\$ 119,740	\$ 52,283	\$ 10,447	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	9.94%	2.71%	-2.11%	4.57%	5.10%	1.88%	-1.10%	1.05%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	89.10%	96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	0.00%	0.00%

Santaquin City Corporation
SCHEDULE OF CONTRIBUTIONS

6/30/20234

Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
Noncontributory Retirement System	2015	\$ 169,108	\$ 169,108	\$ -	\$ 962,322	17.57%
	2016	181,090	181,090	-	1,026,610	17.64%
	2017	186,016	186,016	-	1,058,370	17.58%
	2018	172,932	172,932	-	998,931	17.31%
	2019	184,499	184,499	-	1,057,611	17.31%
	2020	184,726	184,726	-	1,059,527	17.43%
	2021	184,636	184,636	-	1,062,684	17.37%
	2022	194,738	194,738	-	1,114,148	17.48%
	2023	165,738	165,738	-	981,790	16.88%
	2024	180,940	180,940	-	1,076,558	16.81%
Public Safety System	2015	169,097	169,097	-	504,698	33.50%
	2016	181,090	181,090	-	539,194	33.59%
	2017	177,767	177,767	-	530,197	33.53%
	2018	192,394	192,394	-	565,201	34.04%
	2019	180,259	180,259	-	529,552	34.04%
	2020	174,957	174,957	-	514,240	34.02%
	2021	165,883	165,883	-	487,318	34.04%
	2022	174,721	174,721	-	513,281	34.04%
	2023	161,865	161,865	-	475,514	34.04%
	2024	160,875	160,875	-	472,605	34.04%
Firefighters System	2022	4,509	4,509	-	97,814	4.61%
	2023	3,959	3,959	-	109,673	3.61%
	2024	4,573	4,573	-	126,675	3.61%
Tier 2 Public Employees System*	2015	35,488	35,488	-	224,115	15.83%
	2016	28,092	28,092	-	188,410	14.91%
	2017	32,772	32,772	-	219,799	14.91%
	2018	42,046	42,046	-	278,269	15.11%
	2019	47,259	47,259	-	304,110	15.54%
	2020	71,137	71,137	-	454,258	15.66%
	2021	88,401	88,401	-	559,497	15.80%
	2022	118,591	118,591	-	737,965	16.07%
	2023	150,848	150,848	-	942,214	16.01%
	2024	164,044	164,044	-	1,024,636	16.01%
Tier 2 Public Safety and Firefighter System*	2017	7,389	7,389	-	32,839	22.50%
	2018	16,440	16,440	-	72,839	22.57%
	2019	33,352	33,352	-	144,444	22.57%
	2020	37,254	37,254	-	161,063	23.13%
	2021	70,101	70,101	-	269,894	25.97%
	2022	79,005	79,005	-	305,864	25.83%
	2023	123,253	123,253	-	477,168	25.83%
	2024	148,022	148,022	-	573,063	25.83%
Tier 2 Public Employees DC Only System*	2015	2,579	2,579	-	38,374	6.72%
	2016	11,135	11,135	-	166,441	6.69%
	2017	13,355	13,355	-	199,627	6.69%
	2018	17,673	17,673	-	265,096	6.67%
	2019	20,695	20,695	-	309,351	6.69%
	2020	24,359	24,359	-	360,536	6.76%
	2021	28,915	28,915	-	432,214	6.69%
	2022	34,472	34,472	-	515,283	6.69%
	2023	33,390	33,390	-	539,419	6.19%
	2024	35,412	35,412	-	572,087	6.19%
Tier 2 Public Safety and Firefighter DC Only System*	2015	4,840	4,840	-	41,400	11.69%
	2016	5,056	5,056	-	43,519	11.62%
	2017	5,244	5,244	-	45,160	11.61%
	2018	614	614	-	5,194	11.83%
	2019	5,555	5,555	-	46,958	11.83%
	2020	6,026	6,026	-	50,934	11.83%
	2021	97	97	-	817	11.83%
	2022	4,683	4,683	-	36,718	12.75%
	2023	8,062	8,062	-	68,146	11.83%
	2024	8,838	8,838	-	74,711	11.83%

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

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

SUPPLEMENTARY INFORMATION

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SUPPLEMENTARY INFORMATION

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NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

The **Senior Citizens Fund** accounts for the activities related to the senior citizens.

The **Park Impact Fees Fund** accounts for the City's collection and spending of impact fees relating to the City's parks.

The **Public Safety Impact Fees Fund** accounts for the City's collection and spending of impact fees relating to the City's public safety department.

The **Transportation Impact Fees Fund** accounts for the City's collection and spending of impact fees relating to the City's transportation department.

The **Community Development & Renewal Agency Fund** accounts for the activities of the Agency.

The **Local Building Authority Fund** accounts for the activities of the Local Building Authority.

The **Santaquin Special Service District Fund** accounts for the activities of what District related to water shares.

Santaquin City Corporation
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 June 30, 2024

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees
ASSETS				
Cash and cash equivalents	\$ 51,446	-	-	-
Restricted cash and cash equivalents	-	1,478,495	1,102,587	138,381
TOTAL ASSETS	\$ 51,446	1,478,495	1,102,587	138,381
LIABILITIES				
Accounts payable	\$ 31	-	-	-
TOTAL LIABILITIES	31	-	-	-
FUND BALANCES:				
Restricted for:				
Impact fees and grants	-	1,478,495	1,102,587	138,381
Comm. Develop. and Renewal Agency	-	-	-	-
Local Building Authority	-	-	-	-
Santaquin SSD	-	-	-	-
Committed for:				
Senior citizens	51,415	-	-	-
TOTAL FUND BALANCES	51,415	1,478,495	1,102,587	138,381
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 51,446	1,478,495	1,102,587	138,381

Community Development & Renewal Agency	Local Building Authority	Santaquin SSD	Total Nonmajor Governmental Funds
-	-	-	51,446
718,307	2,259	12,549	3,452,578
718,307	2,259	12,549	3,504,024
(1,667)	-	50	(1,586)
(1,667)	-	50	(1,636)
-	-	-	2,719,463
719,973	-	-	719,973
-	2,259	-	2,259
-	-	12,499	12,499
-	-	-	51,415
719,973	2,259	12,499	3,505,609
718,307	2,259	12,549	3,504,024

Santaquin City Corporation
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2024

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees
REVENUES:				
Charges for services	\$ 30,548	-	-	-
Interest	580	74,739	54,672	15,369
Total revenues	31,127	74,739	54,672	15,369
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	24,981	-
Highways and public improvements	-	-	-	549,674
Parks, recreation and public property	91,150	975,481	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	91,150	975,481	24,981	549,674
Excess (Deficiency) of Revenues over (Under) Expenditures	(60,022)	(900,743)	29,690	(534,305)
Other Financing Sources and (Uses):				
Impact fees	-	1,028,518	148,381	224,704
Sale of capital assets	-	-	-	-
Transfers in	50,000	-	-	141,763
Transfers out	-	-	-	-
Total other financing sources and (uses)	50,000	1,028,518	148,381	366,467
Net Change in Fund Balances	(10,022)	127,776	178,071	(167,839)
Fund balances - beginning of year	61,438	1,350,720	924,516	306,220
Fund balance - end of year	\$ 51,415	1,478,495	1,102,587	138,381

Community Development & Renewal Agency	Local Building Authority	Santaquin SSD	Total Nonmajor Governmental Funds
-	-	-	30,548
95,614	1,029	-	242,001
95,614	1,029	-	272,549
-	2,285	-	2,285
-	-	-	24,981
2,403,641	-	42,330	2,995,645
-	-	-	1,066,631
-	114,000	-	114,000
-	71,528	-	71,528
2,403,641	187,813	42,330	4,275,070
(2,308,026)	(186,784)	(42,330)	(3,960,191)
-	-	-	1,401,603
2,043,285	-	-	2,043,285
-	187,778	41,340	420,881
-	-	-	-
2,043,285	187,778	41,340	3,865,768
(264,741)	994	(990)	(94,423)
984,715	1,266	13,489	3,642,362
719,973	2,259	12,499	3,505,609

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Honorable Mayor, and
Members of the City Council
Santaquin City, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities of Santaquin City (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated October 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the city's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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 statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the city'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 city's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah
October 31, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE
STATE COMPLIANCE AUDIT GUIDE**

The Honorable Mayor, and
Member of the City Council
Santaquin City, Utah

Report on Compliance

We have audited Santaquin City's compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2024

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

Budgetary Compliance	Fund Balance
Justice Court	Restricted Taxes and Related Revenues
Fraud Risk Assessment	Government Fees

Opinion on Compliance

In our opinion, Santaquin City complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2024.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *State Compliance Audit Guide* (Guide). Our responsibilities under those standards and the *State Compliance Audit Guide* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santaquin City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Santaquin City's government programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Guide will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santaquin City's compliance with the requirements of the government program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Guide, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santaquin City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santaquin City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Santaquin City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report On Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 to 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 audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 Guide. Accordingly, this report is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah
October 31, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Honorable Mayor, and
Member of the City Council
Santaquin City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Santaquin City's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Santaquin City's major federal programs for the year ended June 30, 2024. Santaquin City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Santaquin City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Santaquin City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Santaquin City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Santaquin City's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Santaquin City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Santaquin City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Santaquin City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Santaquin City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Santaquin City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program 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 type of compliance requirement of a federal program 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 as for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah
October 31, 2024

SANTAQUIN CITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

SUMMARY OF AUDIT RESULTS

1. The independent auditors' report expresses an unqualified opinion on the basic financial statements of Santaquin City.
2. No reportable conditions related to the audit of the financial statements are reported in the Auditors' Report on Internal Controls and Compliance with Laws and Regulations.
3. No instances of noncompliance material to the financial statements of Santaquin City were disclosed during the audit.
4. No material weaknesses relating to the audit of the major federal award program is reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with Uniform Guidance.
5. The independent auditor's report on compliance for the major federal award programs for Santaquin City, expresses an unqualified opinion.
6. The audit disclosed no audit findings that are required to be reported under 2 CFR section 200.516(a).
7. The program(s) tested as a major program include:

Agriculture Risk Management Education Partnership Grants (ARPA)	10.520
---	--------
8. The threshold for distinguishing Types A and B programs is \$750,000 of federal awards expended.
9. Santaquin City was determined to be a low-risk auditee.

SANTAQUIN CITY
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

FINANCIAL STATEMENT FINDINGS

No findings noted during current audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during current audit.

SUMMARY OF PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINANCIAL STATEMENT FINDINGS

No findings noted during prior audit.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings noted during prior audit.

SANTAQUIN CITY
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Thru/Grantor/Program Title	Federal CFDA Number	Pass-Through Grantors Contract	Amount of Expenditures
United States Department of Agriculture			
<i>Passed Through the State of Utah</i>			
* Agriculture Risk Management Education Partnership Grant	10.520	240774	1,606,252
Total United States Department of Agriculture			<u>1,606,252</u>
United States Department of Homeland Security			
<i>Passed Through the State of Utah</i>			
2023 Emergency Management Performance Grant EMPG	97.042		12,750
Total United States Department of Homeland Security			<u>12,750</u>
United States Department of Agriculture			
<i>Direct Assistance</i>			
NRCS Grant - 6 Additional Debris Basin	10.904		367,106
Total United States Department of Justice			<u>367,106</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,986,108</u></u>

* Major Program

SANTAQUIN CITY

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

1. GENERAL

The accompanying schedule of expenditures of federal awards (the schedule) includes the grant activity of Santaquin City (the City) under programs of the federal government for the year ended June 30, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). The City reporting entity is defined in Note 1 to the basic financial statements. All federal awards received directly from federal agencies as well as federal awards passed-through other government agencies are included on the schedule of expenditures of federal awards. Because the schedule presents only a selected portion of the operations of Santaquin City it is not intended to and does not present the financial position, changes in net position, or cash flows of Santaquin City.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for expenditures in governmental fund types and on the accrual basis for expenses in proprietary fund types, which is described in Note 1 to the basic financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

Pass-through entity identifying numbers are presented where available.

3. NON-CASH ASSISTANCE

The City did not receive any non-cash assistance

4. LOANS OUTSTANDING

The City has no federal loans outstanding through as of June 30, 2024.

5. DE MINIMIS INDIRECT COST RATE

The City has elected not to use the 10% de minimis indirect cost rate.

SANTAQUIN CITY

COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

For the Years Ended June 30, 2024



Larson & Company
765 North Main, Spanish Fork, UT 84660
Main: (801) 798-3545 | www.larsco.com



To the Honorable Mayor and
Members of the City Council
Santaquin, Utah

We have audited the financial statements of Santaquin City as of and for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024. Professional Standards require that we advise you of the following matters related to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 23, 2024, our responsibility, as described by professional standards, is to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly, as part of our audit, we considered the internal control of Santaquin City solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgement, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

We have provided our finding regarding significant control deficiencies and material weaknesses, if applicable, and material noncompliance, and other matters noted during our audit at the end of this communication letter in the schedule of findings section.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence.

Significant Risks Identified

As part of our risk-based audit, we design certain extended procedures over areas where we deemed to pose a more significant audit risk based on the nature of the industry and complexity of the entity. We have identified the following significant risks during our audit that we had performed additional procedures for:

- Improper revenue recognition
- Cash disbursements
- Potential management bias, financial statement estimates, and management's ability to override controls.

Based on our audit procedures performed, we did not identify any uncorrected material misstatements related to these risks noted.

Qualitative Aspects of the Entity's Significant Accounting Practices

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by Santaquin City are included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2024. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgements. Those judgements are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgements.

Financial Statement Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management related to the performance of our audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. All proposed entries were approved by management and were posted to the entity's financial records.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the entity's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. We noted nothing to report to Those Charged with Governance.

Management Representations

We have requested certain representations from management, which are included in the management representation letter dated October 31, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the entity, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition of our retention as the entity's auditors.

Other Matters

We applied certain limited procedures to Management’s Discussion and Analysis and required supplementary information (RSI) as listed in the table of contents, which are RSI that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Restriction on Use

This information is intended solely for the information and use of the Board and management of Santaquin City and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Larson & Company, PC
Larson & Company, PC

Spanish Fork, Utah
October 31, 2024

SANTAQUIN CITY

Report on Bond Compliance

For the Year Ended June 30, 2024

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CITY OF SANTAQUIN, UTAH
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June 30, 2024

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Water and Sewer Rates	6

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REPORT ON BOND COMPLIANCE

Honorable Mayor
Members of the City Council
City of Santaquin, Utah

Mayor and Council Members:

We have audited the financial statements of Santaquin City, Utah, for the year ended June 30, 2024, and have issued our report thereon dated October 31, 2024.

As part of our audit, we reviewed your compliance with the requirements of your bond issues.

Based on our review, we are not aware of any areas of non-compliance with the compliance requirements contained in bond purchase agreements.

A handwritten signature in black ink that reads 'Larson & Company, PC'.

Larson & Company, PC

Spanish Fork, Utah
October 31, 2024

CITY OF SANTAQUIN, UTAH
Net Revenue Bond Requirement – Sewer Fund
Year Ended June 30, 2024

Operating Income		\$ 2,865,527
Other Income		1,670,827
Operating Expense Not Requiring Funds:		
Depreciation		<u>893,070</u>
Net Revenues		5,429,424
Debt Service - 2024 Fiscal Year		
Principal	\$ 402,570	
Interest	<u>106,894</u>	
Total	<u>509,464</u>	
Required 120%		<u>611,357</u>
Net Revenues In Excess		<u><u>\$ 4,818,067</u></u>

CITY OF SANTAQUIN, UTAH
Net Revenue Bond Requirement – Water Fund
 Year Ended June 30, 2024

Operating Income		\$ 4,318,132
Other Income		1,242,522
Operating Expense Not Requiring Funds:		
Depreciation		<u>925,253</u>
Net Revenues		6,485,907
Debt Service - 2024 Fiscal Year		
Principal	624,000	
Interest	<u>247,261</u>	
Total	<u>871,261</u>	
Required 125%		<u>1,045,513</u>
Net Revenues In Excess		<u><u>\$ 5,440,394</u></u>

CITY OF SANTAQUIN, UTAH
Insurance Coverage
Year Ended June 30, 2024

<u>COMPANY</u>	<u>COVERAGE AMOUNT</u>	<u>COVERAGE</u>	<u>EXPIRATION DATE</u>
Utah Local Governments' Trust	\$ 5,000,000	General Liability, Bodily Injury, Personal Injury, Property Damage, Public Officials, Errors and Omissions	6/30/2025
Utah Local Governments' Trust	\$ 5,000,000	Automotive Liability, Automotive Bodily Injury, and Property Damage	6/30/2025
Utah Local Governments' Trust	Varies	Each automobile also has limits for the price/cost of the vehicle	6/30/2025
Utah Local Governments' Trust	\$ 100,000	Workers comp and employers liability	6/30/2025

CITY OF SANTAQUIN, UTAH
Water and Sewer Connection Fees,
Connections, and Billing
Year Ended June 30, 2024

CONNECTION FEES

Culinary and pressurized irrigation connection fees are as follows:

3/4" & 1"	\$	250
1-1/2" & Larger	\$	450

CONNECTIONS

Currently the City services 5,331 water connections and 5,232 sewer connections, and 4,243 pressurized irrigation connections.

BILLINGS

For the year ended June 30, 2024, the total water billings were \$2,135,676
The total pressurized irrigation billings were \$1,422,401, and the total sewer billings were \$2,869,154.

CITY OF SANTAQUIN, UTAH
Water and Sewer Rates
Year Ended June 30, 2024

SEWER

The base rate for sewer service shall be \$43.17 per unit per month.

An additional charge of \$0.97 per 1,000 gallons will be assessed as determined by the customer's actual water usage.

WATER

Base Rate	\$	28.77	
0 to 4,000 gallons	\$	0.68	per 1,000 gallons
4,001 to 8,000 gallons	\$	1.03	per 1,000 gallons
8,001 to 12,000 gallons	\$	1.37	per 1,000 gallons
12,001 to 50,000	\$	2.50	per 1,000 gallons
50,001 to 100,000		2.71	per 1,000 gallons
100,001 +		2.95	per 1,000 gallons

PRESSURIZED IRRIGATION

Base Rate	\$	19.46	1"
	\$	28.91	1.5" or larger
0 to 25,000 gallons	\$	0.87	per 1,000 gallons
25,001 to 45,000 gallons	\$	0.89	per 1,000 gallons
45,001 to 65,000 gallons	\$	0.91	per 1,000 gallons
65,001 to 100,000	\$	0.98	per 1,000 gallons
100,000 +		1.02	per 1,000 gallons