

Santaquin City Corporation

ANNUAL FINANCIAL REPORT

For the Year Ended June 30, 2025

Santaquin City Corporation

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June 30, 2025

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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, 2025, 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, 2025, 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 requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 issuance 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 resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our 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 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 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 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, 2025, 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

Larson & Company, PC

Spanish Fork, Utah
October 31, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

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Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2025

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, 2025.

FINANCIAL HIGHLIGHTS

*Total net position for the City as a whole increased by \$19,148,066

*Total unrestricted net position for the City as a whole increased by \$1,009,420

*Total net position for governmental activities increased by \$14,573,810

*Total net position for business-type activities increased by \$4,574,255

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, 2025

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/irrigation, sewer and storm drain 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, 2025

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	\$ 20,646,938	22,071,413	24,655,728	21,341,237	45,302,667	43,412,650
Net capital assets	62,372,665	52,815,951	32,311,885	32,082,383	94,684,550	84,898,334
Deferred outflows	917,729	921,214	243,953	244,880	1,161,682	1,166,094
Total assets and deferred outflows	\$ 83,937,332	75,808,578	57,211,567	53,668,500	141,148,899	129,477,079
Long-term debt	\$ 12,732,957	13,756,282	17,711,482	18,749,712	30,444,439	32,505,994
Other liabilities	7,753,747	13,165,251	729,152	716,943	8,482,899	13,882,194
Deferred inflows	58,328	68,556	9,773	14,941	68,101	83,497
Total liabilities and deferred inflows	20,545,032	26,990,089	18,450,406	19,481,596	38,995,438	46,471,684
Net position:						
Net investment in capital assets	49,639,708	39,059,669	14,600,403	13,332,672	64,240,111	52,392,341
Restricted	8,082,273	4,629,187	16,545,607	13,707,817	24,627,880	18,337,004
Unrestricted	5,670,319	5,129,634	7,615,150	7,146,415	13,285,469	12,276,049
Total net position	\$ 63,392,300	48,818,490	38,761,160	34,186,905	102,153,460	83,005,393

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 \$102,153,460, an increase of \$19,148,066 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 \$13,285,469 which represents an increase of \$1,009,420 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, 2025

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	\$ 6,755,257	5,892,326	8,142,837	7,342,618	14,898,094	13,234,944
Operating grants	1,113,104	960,486	-	-	1,113,104	960,486
Capital grants	9,838,573	6,006,906	3,034,261	3,955,955	12,872,834	9,962,861
General revenues:						
Property taxes	2,120,258	2,019,844	-	-	2,120,258	2,019,844
Sales tax	3,564,581	3,314,232	-	-	3,564,581	3,314,232
Other taxes	1,397,810	1,183,076	-	-	1,397,810	1,183,076
Other revenues	4,745,929	3,468,614	850,883	878,764	5,596,812	4,347,378
Total revenues	29,535,511	22,845,484	12,027,981	12,177,337	41,563,492	35,022,821
Expenses:						
General government	2,856,921	2,271,410	-	-	2,856,921	2,271,410
Public safety	5,291,680	4,537,416	-	-	5,291,680	4,537,416
Highways and improvements	2,784,314	1,100,271	-	-	2,784,314	1,100,271
Sanitation	988,717	889,019	-	-	988,717	889,019
Parks and recreation	3,232,503	2,780,069	-	-	3,232,503	2,780,069
Cemetery	138,139	204,429	-	-	138,139	204,429
Interest on long-term debt	291,607	317,296	-	-	291,607	317,296
Water	-	-	4,207,908	4,098,341	4,207,908	4,098,341
Sewer	-	-	2,615,928	2,833,860	2,615,928	2,833,860
Storm drain	-	-	7,709	-	7,709	-
Total expenses	15,583,880	12,099,909	6,831,545	6,932,201	22,415,426	19,032,111
Excess (deficiency) before transfers	13,951,630	10,745,575	5,196,436	5,245,136	19,148,066	15,990,711
Transfers in (out)	622,180	1,270,820	(622,180)	(1,270,820)	-	-
Change in net position	\$ 14,573,810	12,016,395	4,574,256	3,974,316	19,148,066	15,990,711

For the City as a whole, total revenues increased by \$6,540,671 compared to the previous year, while total expenses increased by \$3,383,315. The total net change of \$19,148,066 is, in private sector terms, the net income for the year which is \$3,157,355 more than the previous year.

Governmental activities revenues of \$29,535,511 is an increase of \$6,690,027 from the previous year. This is primarily due to an increase in capital grants. Governmental activities expenses of \$15,583,880 is an increase of \$3,483,971 from the previous year. While cemetery expenses decreased, all other department expenses increased.

Business-type activities revenue of \$12,027,981 is a decrease of \$149,356 from the previous year. Service revenues increased by \$800,219 and capital grants decreased by \$921,694. Business-type activities expenses of \$6,831,545 is a decrease of \$100,656 from the previous year. While water and storm drain expenses increased, sewer expenses decreased.

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2025

BALANCES AND TRANSACTIONS OF INDIVIDUAL FUNDS

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

General Fund

The fund balance of \$3,723,818 reflects an increase of \$1,079,987 from the previous year. Total revenues increased by \$1,602,437. Tax revenues, including property taxes and sales taxes, increased by \$565,497. Intergovernmental revenue increased by \$152,618. Revenues from charges for services increased by \$532,368. Revenues from licenses and permits increased by \$306,209. All other revenues increased by \$45,745.

Total expenditures increased by \$1,20,232. General government expenditures increased by \$275,817, public safety expenditures increased by \$437,960, streets and highways expenditures increased by \$107,522, sanitation expenditures increased by \$64,632, parks and recreation expenditures increased by \$111,600, and cemetery expenditures increased by \$23,999. Debt service expenses decreased by \$1,301.

Fund balance restricted for parks and recreation and capital projects amounted to \$297,912 and \$262,843. Assigned fund balance amounted to \$766,312. The unassigned fund balance amounted to \$2,396,751.

Water Fund

The change in net position (net income) was \$1,988,775, which was \$285,914 less than the prior year's net change. Net position restricted for construction, debt service and money in lieu of water was \$1,943,352, \$678,110 and \$3,234,301 respectively. Unrestricted net position amounts to \$7,196,308.

Sewer Fund

The change in net position (net income) was \$2,274,689 which was \$701,008 more than the previous year's net change. Net position restricted for construction was \$8,672,258. Unrestricted net position amounts to \$70,861.

Storm Drain Fund

The change in net position (net income) was \$606,235, which was \$184,847 more than the previous year's net change. Unrestricted net position amounts to \$617,675.

GENERAL FUND BUDGETARY HIGHLIGHTS

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$14,570,797. This amount was amended in the final budget to \$15,856,047. Actual revenues, excluding transfers, amounted to \$15,942,745.

Expenditures for the current year, excluding transfers and budgeted increases in fund balance, were originally budgeted in the amount of \$12,099,058. This amount was amended in the final budget to \$12,246,708. Actual expenditures amounted to \$11,570,259.

Transfers in for the year were originally budgeted in the amount of \$1,683,500. The final budget for transfers in was for the amount of \$1,458,500. Actual transfers in were made in the amount of \$1,458,500. Transfers out for the year were originally budgeted in the amount of \$4,128,549. The final budget for transfers out was for the amount of \$5,082,549. Actual transfers out were made in the amount of \$4,750,999.

Santaquin City Corporation
Management's Discussion and Analysis
June 30, 2025

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	3,575,919	124,032	124,032	3,699,951	3,699,951
Water shares and rights	-	-	535,148	535,148	535,148	535,148
Buildings	15,278,857	15,916,054	8,546	11,110	15,287,402	15,927,164
Improvements	5,455,152	5,445,472	-	-	5,455,152	5,445,472
Water system	-	-	17,088,738	17,422,679	17,088,738	17,422,679
Sewer system	-	-	11,246,967	12,127,981	11,246,967	12,127,981
Infrastructure	17,581,571	17,581,571	-	-	17,581,571	17,581,571
Machinery and equipment	2,812,288	2,414,739	47,104	60,641	2,859,392	2,475,380
Work in progress	17,668,878	7,882,195	3,261,351	1,800,793	20,930,228	9,682,988
Totals	\$ 62,372,665	52,815,951	32,311,885	32,082,383	94,684,550	84,898,334

The total amount of capital assets, net of depreciation, of \$94,684,550 is an increase of \$9,786,216 from the previous year.

Governmental activities capital assets, net of depreciation, of \$62,372,665 is an increase of \$9,556,714 from the previous year.

Business-type activities capital assets, net of depreciation, of \$32,311,885 is an increase of \$229,502 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, 2025

Santaquin City Corporation's Outstanding Debt

	<u>Current Year</u>	<u>Previous Year</u>
Governmental activities:		
2018 Fire SCBA Equip Lease	\$ -	25,102
2021 Equipment Lease	185,914	369,697
2024 Caterpillar Hydraulic Excavator Lease	216,470	-
2018 Excise Tax Rev Bonds	1,866,000	2,294,000
2023 Interfund Loan from PI to CP	3,282,102	3,458,419
2015 LBA Lease Revenue	1,506,000	1,625,000
2020 Sales Tax Revenue Bonds	5,305,000	5,585,000
2020 Sales Tax Revenue Premiums	371,471	398,005
Total governmental	\$ 12,732,957	13,755,223
Business-type activities:		
2011A-1 Sewer Revenue Bond	\$ 2,042,000	2,394,000
2011B Sewer Revenue Bond	900,000	900,000
2018 WA Booster Pump/Tank	1,351,000	1,415,500
2018 PI Booster Pump/Tank	1,351,000	1,415,500
2021 Water Rev & Ref	9,744,000	10,245,000
2011A-2 Sewer Revenue	2,323,482	2,379,712
Total business-type	\$ 17,711,482	18,749,712
Total outstanding debt	\$ 30,444,439	32,504,935

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, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:			
Assets:			
Current assets:			
Cash and cash equivalents	\$ 12,227,841	4,431,789	16,659,630
Accounts receivable, net	1,865,273	753,361	2,618,634
Due from other funds	-	3,282,102	3,282,102
Other current assets	-	35,885	35,885
Total current assets	<u>14,093,114</u>	<u>8,503,137</u>	<u>22,596,251</u>
Non-current assets:			
Restricted cash and cash equivalents	6,511,719	16,141,399	22,653,118
Capital assets:			
Not being depreciated	38,826,369	3,920,531	42,746,899
Net of accumulated depreciation	23,546,297	28,391,354	51,937,651
Net pension asset	42,105	11,193	53,298
Total non-current assets	<u>68,926,490</u>	<u>48,464,477</u>	<u>117,390,966</u>
Total assets	<u>83,019,604</u>	<u>56,967,613</u>	<u>139,987,217</u>
Deferred outflows of resources - pensions	917,729	243,953	1,161,682
Total assets and deferred outflows of resources	<u>\$ 83,937,332</u>	<u>57,211,567</u>	<u>141,148,899</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:			
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 6,077,549	44,539	6,122,088
Accrued interest payable	74,995	104,660	179,655
Customer security deposits	-	58,675	58,675
Long-term debt due within one year	1,121,840	1,086,940	2,208,780
Total current liabilities	<u>7,274,384</u>	<u>1,294,814</u>	<u>8,569,197</u>
Non-current liabilities:			
Compensated absences	678,818	298,613	977,431
Net pension liability	837,646	222,666	1,060,312
Long-term debt due after one year	11,611,118	16,624,542	28,235,660
Closure and post closure costs	84,738	-	84,738
Total non-current liabilities	<u>13,212,320</u>	<u>17,145,820</u>	<u>30,358,140</u>
Total liabilities	<u>20,486,704</u>	<u>18,440,634</u>	<u>38,927,338</u>
Deferred inflows of resources	21,565	-	21,565
Deferred inflows of resources - pensions	36,763	9,773	46,536
Total liabilities and deferred inflows of resources	<u>20,545,032</u>	<u>18,450,406</u>	<u>38,995,438</u>
NET POSITION:			
Net investment in capital assets	49,639,708	14,600,403	64,240,111
Restricted for:			
Debt service	2,986	678,110	681,096
Impact fees	3,546,311	12,633,196	16,179,507
Money in lieu of water	-	3,234,301	3,234,301
Other restrictions	4,532,976	-	4,532,976
Unrestricted	5,670,319	7,615,150	13,285,469
Total net position	<u>63,392,300</u>	<u>38,761,160</u>	<u>102,153,461</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 83,937,332</u>	<u>57,211,567</u>	<u>141,148,899</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, 2025

<u>FUNCTIONS/PROGRAMS:</u>	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
	Expenses			
Primary government:				
Governmental activities:				
General government	\$ 2,856,921	3,183,110	-	326,190
Public safety	5,291,680	710,980	42,565	(4,230,572)
Highways and public improvements	2,784,314	141,763	1,054,894	7,926,387
Sanitation	988,717	1,567,896	-	579,180
Parks, recreation and public property	3,232,503	1,034,498	15,644	1,604,623
Cemetery	138,139	117,010	-	(21,130)
Interest on long-term debt	291,607	-	-	(291,607)
Total governmental activities	15,583,880	6,755,257	1,113,104	9,838,573
Business-type activities:				
Water and irrigation	4,207,908	4,835,594	-	1,129,037
Sewer	2,615,928	3,130,466	-	1,552,504
Storm Drain	7,709	176,777	-	352,720
Total business-type activities	6,831,545	8,142,837	-	3,034,261
Total primary government	\$ 22,415,426	14,898,094	1,113,104	12,872,834
				6,468,606

(continued on next page)

Santaquin City Corporation
STATEMENT OF ACTIVITIES (continued)
For the Year Ended June 30, 2025

	Governmental Activities	Business-type Activities	Total
CHANGES IN NET POSITION:			
Net (expense) revenue (from previous page)	\$ 2,123,053	4,345,553	6,468,606
General revenues:			
Property taxes	2,120,258	-	2,120,258
Sales tax	3,564,581	-	3,564,581
Other taxes	1,397,810	-	1,397,810
Unrestricted investment earnings	1,027,303	850,883	1,878,186
Gain on sale of capital assets	3,464,505	-	3,464,505
Miscellaneous	254,120	-	254,120
Transfers in (out)	622,180	(622,180)	-
Total general revenues and transfers	<u>12,450,757</u>	<u>228,703</u>	<u>12,679,460</u>
Change in net position	14,573,810	4,574,256	19,148,066
Net position - beginning	<u>48,818,490</u>	<u>34,186,905</u>	<u>83,005,395</u>
Net position - ending	<u>\$ 63,392,300</u>	<u>38,761,160</u>	<u>102,153,461</u>

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

Santaquin City Corporation
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,967,427	3,016,447	243,967	12,227,841
Accounts receivable, net of allowances	387,015	1,478,258	-	1,865,273
Restricted cash and cash equivalents	<u>399,838</u>	-	<u>6,111,881</u>	<u>6,511,719</u>
TOTAL ASSETS	<u>\$ 9,754,280</u>	<u>4,494,705</u>	<u>6,355,848</u>	<u>20,604,833</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Liabilities:				
Accounts payable	\$ 768	68,037	615	69,420
Accrued liabilities	<u>6,008,129</u>	-	-	<u>6,008,129</u>
Total liabilities	<u>6,008,897</u>	<u>68,037</u>	<u>615</u>	<u>6,077,549</u>
Deferred inflows of resources	<u>21,565</u>	-	-	<u>21,565</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>6,030,462</u>	<u>68,037</u>	<u>615</u>	<u>6,099,114</u>
FUND BALANCES:				
Restricted for:				
Parks and recreation	297,912	-	-	297,912
Capital projects	<u>262,843</u>	<u>1,410,221</u>	-	<u>1,673,065</u>
Impact fees	-	-	<u>3,546,311</u>	<u>3,546,311</u>
Comm. Develop. and Renewal Agency	-	-	<u>2,550,525</u>	<u>2,550,525</u>
Local Building Authority	-	-	2,986	2,986
Santaquin SSD	-	-	11,474	11,474
Committed for:				
Senior citizens	-	-	39,213	39,213
Assigned for:				
Capital projects	-	<u>3,016,447</u>	204,724	<u>3,221,171</u>
Events	<u>134,321</u>	-	-	<u>134,321</u>
Museum	7,736	-	-	7,736
Royalty	<u>21,316</u>	-	-	<u>21,316</u>
Administration	33,703	-	-	33,703
Recreation classes	26,602	-	-	26,602
Library	48,878	-	-	48,878
Fire department	<u>493,756</u>	-	-	<u>493,756</u>
Unassigned	<u>2,396,751</u>	-	-	<u>2,396,751</u>
TOTAL FUND BALANCES	<u>3,723,818</u>	<u>4,426,668</u>	<u>6,355,233</u>	<u>14,505,719</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 9,754,280</u>	<u>4,494,705</u>	<u>6,355,848</u>	<u>20,604,833</u>

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, 2025

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property	\$ 2,120,258	-	-	2,120,258
Sales	3,564,581	-	-	3,564,581
Other taxes	1,397,810	-	-	1,397,810
License and permits	1,512,895	-	-	1,512,895
Intergovernmental revenues	1,113,104	7,671,982	200,000	8,985,085
Charges for services	4,952,692	-	45,020	4,997,712
Fines and forfeitures	244,650	-	-	244,650
Interest	782,733	-	244,571	1,027,303
Miscellaneous revenue	254,023	-	98	254,120
Total revenues	15,942,745	7,671,982	489,688	24,104,414
EXPENDITURES:				
General government	2,275,487	478,453	2,313	2,756,252
Public safety	4,248,612	1,125,842	-	5,374,454
Highways and public improvements	1,022,015	9,034,170	1,732,300	11,788,485
Sanitation	953,651	-	-	953,651
Parks, recreation and public property	2,225,152	68,496	1,241,693	3,535,341
Cemetery	219,410	2,900	-	222,309
Debt service:				
Principal	456,317	676,779	119,000	1,252,096
Interest	169,614	80,151	66,749	316,514
Total expenditures	11,570,259	11,466,790	3,162,054	26,199,103
Excess (Deficiency) of Revenues over (Under) Expenditures	4,372,486	(3,794,809)	(2,672,366)	(2,094,689)
Other Financing Sources and (Uses):				
Impact fees	-	-	1,966,592	1,966,592
Lease proceeds	-	255,305	-	255,305
Gain on sale of capital assets	-	211,285	3,253,219	3,464,505
Transfers in	1,458,500	4,402,500	302,179	6,163,179
Transfers (out)	(4,750,999)	(790,000)	-	(5,540,999)
Total other financing sources and (uses)	(3,292,499)	4,079,090	5,521,990	6,308,582
Net Change in Fund Balances	1,079,987	284,282	2,849,624	4,213,893
Fund balances - beginning of year	2,643,831	4,142,386	3,505,609	10,291,826
Fund balance - end of year	\$ 3,723,818	4,426,668	6,355,233	14,505,719

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, 2025

Total Fund Balance for Governmental Funds \$ 14,505,719

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	74,852,719
Less accumulated depreciation	<u>(12,480,054)</u>
Net capital assets	<u>62,372,665</u>

Net pension asset	<u>42,105</u>
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Deferred outflows of resources - pensions, a consumption of net position that applies to future periods, is not shown in the funds statements.	<u>917,729</u>
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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>(12,732,957)</u>
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Interest accrued but not yet paid on long-term debt	<u>(74,995)</u>
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Compensated absences	<u>(678,818)</u>
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Closure and post closure costs	<u>(84,738)</u>
--------------------------------	-----------------

Net pension liability	<u>(837,646)</u>
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Deferred inflows of resources - pensions	<u>(36,763)</u>
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Total Net Position of Governmental Activities \$ 63,392,300

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, 2025

Net Change in Fund Balances - Total Governmental Funds \$ 4,213,893

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

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.

Capital outlays	11,096,800
Depreciation expense	(1,540,085)
Net	<u>9,556,714</u>

The Statement of Activities show pension benefits and pension expenses from the adoption of GASB 68 that are not shown in the fund statements.

(121,742)

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.

Long-term debt issuance	<u>(255,305)</u>
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Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Long-term debt principal repayments	1,252,096
Amortization of premiums	26,534
Change in accrued interest	<u>(1,627)</u>

Accrued interest for long-term debt is not reported as expenditure for the current period, while it is recorded in the statement of activities.

Change in accrued interest	<u>(1,627)</u>
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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.

Change in compensated absence liability	(61,687)
Change in landfill post closure liability	<u>(35,065)</u>

Change in Net Position of Governmental Activities \$ 14,573,810

Santaquin City Corporation
STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2025

	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	\$ 3,828,795	-	602,994	4,431,789
Accounts receivable, net	461,918	276,762	14,681	753,361
Due from other funds	3,282,102	-	-	3,282,102
Other current asset	-	35,885	-	35,885
Total current assets	<u>7,572,815</u>	<u>312,647</u>	<u>617,675</u>	<u>8,503,137</u>
Non-current assets:				
Restricted cash and cash equivalents	5,855,763	8,268,050	2,017,585	16,141,399
Capital assets:				
Not being depreciated	2,240,556	1,679,975	-	3,920,531
Net of accumulated depreciation	17,103,476	11,287,879	-	28,391,354
Net pension asset	6,396	4,797	-	11,193
Total non-current assets	<u>25,206,190</u>	<u>21,240,701</u>	<u>2,017,585</u>	<u>48,464,477</u>
Total assets	<u>32,779,005</u>	<u>21,553,348</u>	<u>2,635,260</u>	<u>56,967,613</u>
Deferred outflows of resources - pensions	139,402	104,551	-	243,953
Total assets and deferred outflows of resources	<u>\$ 32,918,407</u>	<u>21,657,900</u>	<u>2,635,260</u>	<u>57,211,567</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 44,259	280	-	44,539
Accrued interest payable	87,045	17,615	-	104,660
Customer security deposits	58,675	-	-	58,675
Long-term debt, current position	674,000	412,940	-	1,086,940
Total current liabilities	<u>863,979</u>	<u>430,835</u>	-	1,294,814
Non-current liabilities:				
Compensated absences	199,504	99,109	-	298,613
Net pension liability	127,237	95,428	-	222,666
Long-term debt, long-term portion	11,772,000	4,852,542	-	16,624,542
Total non-current liabilities	<u>12,098,741</u>	<u>5,047,079</u>	-	17,145,820
Total liabilities	<u>12,962,720</u>	<u>5,477,914</u>	-	18,440,634
Deferred inflows of resources - pensions	5,584	4,188	-	9,773
Total liabilities and deferred inflows of resources	<u>\$ 12,968,304</u>	<u>5,482,102</u>	-	<u>18,450,406</u>
NET POSITION:				
Net investment in capital assets	6,898,031	7,702,372	-	14,600,403
Restricted for:				
Money in lieu of water	3,234,301	-	-	3,234,301
Impact fees	1,943,352	8,672,258	2,017,585	12,633,196
Debt service	678,110	-	-	678,110
Unrestricted	7,196,308	(198,833)	617,675	7,615,150
Total net position	<u>19,950,103</u>	<u>16,175,797</u>	<u>2,635,260</u>	<u>38,761,160</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 32,918,407</u>	<u>21,657,900</u>	<u>2,635,260</u>	<u>57,211,567</u>

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, 2025

	Water Fund	Sewer Fund	Non-Major Storm Drain Fund	Total Proprietary Funds
Operating income:				
Charges for sales and service	\$ 4,399,488	3,130,226	176,777	7,706,491
Connection fees	107,104	-	-	107,104
Other operating income	329,002	240	-	329,242
Total operating income	4,835,594	3,130,466	176,777	8,142,837
Operating expenses:				
Personnel services	1,078,052	546,448	-	1,624,500
Utilities	269,947	172,433	-	442,380
Repair and maintenance	620,190	386,212	7,709	1,014,112
Professional services	79,599	-	-	79,599
Other supplies and expenses	102,399	51,948	-	154,347
Water assessment	49,552	-	-	49,552
Administrative overhead	610,000	465,000	-	1,075,000
Depreciation expense	1,157,246	892,255	-	2,049,501
Total operating expense	3,966,985	2,514,297	7,709	6,488,990
Net operating income (loss)	868,610	616,169	169,068	1,653,847
Non-operating income (expense):				
Impact fees	1,045,289	1,552,504	352,720	2,950,513
Interest income	290,232	476,205	84,446	850,883
Interest on long-term debt	(240,923)	(101,632)	-	(342,555)
Total non-operating income (expense)	1,094,597	1,927,077	437,166	3,458,841
Income (loss) before capital contributions and transfers	1,963,207	2,543,246	606,235	5,112,688
Capital contributions	83,748	-	-	83,748
Transfers in	961,933	511,792	-	1,473,725
Transfers out	(1,020,113)	(1,075,792)	-	(2,095,905)
Change in net position	1,988,775	1,979,246	606,235	4,574,256
Net position - beginning	17,961,328	14,196,551	2,029,025	34,186,905
Net position - ending	\$ 19,950,103	16,175,797	2,635,260	38,761,160

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, 2025

	Water Fund	Sewer Fund	Non-Major Storm Drain Fund	Total Proprietary Funds
Cash flows from operating activities:				
Cash received from customers - service	\$ 4,774,944	3,103,273	175,375	8,053,592
Cash paid to suppliers	(1,810,467)	(1,081,370)	(7,709)	(2,899,546)
Cash paid to employees	(1,016,951)	(514,922)	-	(1,531,873)
Net cash provided (used) in operating activities	1,947,526	1,506,981	167,666	3,622,172
Cash flows from noncapital financing activities:				
Net transfers in (out)	(58,180)	(564,000)	-	(622,180)
Interfund activity	176,317	-	-	176,317
Change in customer deposits	4,350	-	-	4,350
Net cash provided (used) in noncapital financing activities	122,487	(564,000)	-	(441,513)
Cash flows from capital and related financing activities:				
Cash received from impact fees	1,045,289	1,552,504	352,720	2,950,513
Cash from capital grants	193,093	-	-	193,093
Cash paid for capital assets	(903,318)	(1,375,684)	-	(2,279,003)
Cash payments for long-term debt principal	(630,000)	(408,230)	-	(1,038,230)
Cash payments for long-term debt interest	(243,549)	(103,462)	-	(347,011)
Net cash provided (used) in capital and related financing activities	(538,486)	(334,872)	352,720	(520,638)
Cash flows from investing activities:				
Cash received from interest earned	290,232	476,205	84,446	850,883
Net cash provided (used) in investing activities	290,232	476,205	84,446	850,883
Net increase (decrease) in cash	1,821,759	1,084,314	604,832	3,510,905
Cash balance - beginning	7,862,799	7,183,736	2,015,747	17,062,283
Cash balance - ending	\$ 9,684,558	8,268,050	2,620,579	20,573,187
Cash reported on the statement of net position:				
Cash and cash equivalents	\$ 3,828,795	-	602,994	4,431,789
Non-current restricted cash	5,855,763	8,268,050	2,017,585	16,141,399
Total cash and cash equivalents	\$ 9,684,558	8,268,050	2,620,579	20,573,187

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, 2025

**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)	\$ 868,610	616,169	169,068	1,653,847
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	1,157,246	892,255	-	2,049,501
Changes in assets and liabilities:				
(Increase) decrease in receivables	(60,650)	(27,193)	(1,402)	(89,245)
(Increase) decrease in other assets	-	(4,116)	-	(4,116)
(Increase) decrease in net pension asset	2,350	1,763	-	4,113
(Increase) decrease in deferred outflows	529	397	-	927
Increase (decrease) in payables	(78,780)	(1,661)	-	(80,441)
Increase (decrease) in compensated absences	42,608	17,656	-	60,265
Increase (decrease) in net pension liability	18,566	13,925	-	32,491
Increase (decrease) in deferred inflows	(2,953)	(2,215)	-	(5,168)
Net cash provided (used) in operating activities	<u>\$ 1,947,526</u>	<u>1,506,981</u>	<u>167,666</u>	<u>3,622,172</u>

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

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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 Santquin Special Service District has the same governing body 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 body 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, 2025

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, 2025

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, 2025

**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, 2025, the City reported \$104,926 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, 2025

**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:

Assets	Years
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, 2025

**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, 2025

**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, 2025

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, 2025, consist of the following:

	Fair Value
Demand deposits - checking	\$ (1,106,263)
State Treasurer's Investment Pool	40,419,011
Total cash	<u>\$ 39,312,748</u>

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

Cash and cash equivalents (current)	\$ 16,659,630
Restricted cash and cash equivalents (non-current)	22,653,118
Total cash and cash equivalents	<u>\$ 39,312,748</u>

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, 2025

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, 2025, the City had \$40,419,011 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, 2025

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, 2025, \$1,451,508 of the City's demand deposits of \$2,115,303 were uninsured. The book balance at year-end was (\$953,457).

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	\$ 226,353	1,478,258	-	-	-	1,704,612
Installments	21,565	-	-	-	-	21,565
Customers	152,479	-	525,425	303,386	16,094	997,384
Total receivables	400,397	1,478,258	525,425	303,386	16,094	2,723,560
Allowance for uncollectibles	(13,382)	-	(63,507)	(26,624)	(1,413)	(104,926)
Net receivables	\$ 387,015	1,478,258	461,918	276,762	14,681	2,618,634

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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	\$ 3,575,919	-	-	3,575,919
Infrastructure	17,581,571	-	-	17,581,571
Construction in progress	7,882,195	9,786,683	-	17,668,878
Total capital assets, not being depreciated	29,039,686	9,786,683	-	38,826,369
Capital assets, being depreciated:				
Buildings	19,660,797	-	-	19,660,797
Improvements other than buildings	6,431,685	344,119	-	6,775,805
Machinery and equipment	8,623,751	710,693	-	9,334,444
Leased equipment	-	255,305	-	255,305
Total capital assets, being depreciated	34,716,234	1,310,117	-	36,026,351
Less accumulated depreciation for:				
Buildings	3,744,743	637,197	-	4,381,941
Improvements other than buildings	986,213	334,440	-	1,320,653
Machinery and equipment	6,209,012	539,623	-	6,748,635
Leased equipment	-	28,825	-	28,825
Total accumulated depreciation	10,939,969	1,540,085	-	12,480,054
Total capital assets being depreciated, net	23,776,265	(229,969)	-	23,546,297
Governmental activities capital assets, net	\$ 52,815,951	9,556,714	-	62,372,665

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

Governmental activities:	
General government	\$ 484,037
Public safety	323,777
Highways and public improvements	258,381
Parks, recreation and public property	468,095
Cemetery	5,795
Total	\$ 1,540,085

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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	1,800,793	1,460,558	-	3,261,351
Total capital assets, not being depreciated	2,459,973	1,460,558	-	3,920,531
Capital assets, being depreciated:				
Buildings and improvements	275,389	-	-	275,389
Water distribution system	32,134,849	818,445	-	32,953,294
Sewer collection/treatment system	29,409,844	-	-	29,409,844
Machinery and equipment	559,674	-	-	559,674
Total capital assets, being depreciated	62,379,756	818,445	-	63,198,201
Less accumulated depreciation for:				
Buildings and improvements	264,280	2,564	-	266,843
Water distribution system	14,712,170	1,152,386	-	15,864,556
Sewer collection system	17,281,863	881,014	-	18,162,877
Machinery and equipment	499,033	13,537	-	512,570
Total accumulated depreciation	32,757,346	2,049,501	-	34,806,847
Total capital assets being depreciated, net	29,622,410	(1,231,056)	-	28,391,354
Business-type activities capital assets, net	\$ 32,082,383	229,502	-	32,311,885

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

Business-type activities:

Water	\$ 1,157,246
Sewer	892,255
Total	\$ 2,049,501

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

3-D. Long-term debt

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

	Original Principal	% Rate	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Direct Borrowings:							
2018 Fire SCBA Equip Lease							
Matures 9/26/2024	\$ 169,173	4.22	\$ 25,102		-	25,102	-
2021 Equipment Lease							
Matures 8/15/2025	731,500	1.16	369,697		-	183,783	185,914
2024 Caterpillar Hydraulic Excavator Lease							
Matures 8/01/2031	255,305	5.99	-	255,305	38,835	216,470	25,845
2023 Interfund Loan from PI to CP							
Matures 9/1/2041	3,632,991	1.00	3,458,419		-	176,317	3,282,102
							178,080
Bonds:							
2018 Excise Tax Rev Bonds							
Matures 7/15/2028	4,300,000	2.50	2,294,000		-	428,000	1,866,000
2015 LBA Lease Revenue							
Matures 7/1/2035	2,500,000	4.17	1,625,000		-	119,000	1,506,000
2020 Sales Tax Revenue Bonds							
Matures 7/1/2035	6,655,000	2.57	5,585,000		-	280,000	5,305,000
2020 Sales Tax Revenue Premiums			398,005		-	26,534	371,471
Total governmental activity							
long-term liabilities	\$ 13,755,223		255,305		1,277,571	12,732,957	1,121,840

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

	Principal	Interest	Total
2026	\$ 1,121,840	261,854	1,383,694
2027	1,093,254	258,403	1,351,657
2028	1,128,693	220,485	1,349,179
2029	1,172,249	179,836	1,352,085
2030	693,927	150,520	844,447
2031 - 2035	3,607,536	504,807	4,112,344
2036 - 2040	3,128,427	173,033	3,301,460
2041 - 2042	415,559	6,244	421,803
Total	\$ 12,361,486	1,755,184	14,116,670

The City has outstanding bonds and other direct borrowings related to governmental activities totaling \$9,048,071 and \$3,684,486, 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, 2025

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	1.00	\$ 2,394,000		-	352,000	2,042,000
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	2.00	1,415,500		-	64,500	1,351,000
2018 PI Booster Pump/Tank							
Matures 1/1/2039	1,720,500	2.00	1,415,500		-	64,500	1,351,000
2021 Water Rev & Ref							
Matures 1/1/2039	11,236,000	1.60	10,245,000		-	501,000	9,744,000
2011A-2 Sewer Revenue							
Matures 2/15/2052	2,912,000	3.00	2,379,712		-	56,230	2,323,482
Total business-type activity							
long-term liabilities			\$ 18,749,712		-	1,038,230	17,711,482
							1,086,940

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

	Principal	Interest	Total
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	1,146,317	270,507	1,416,824
2031 - 2035	5,234,623	1,085,119	6,319,742
2036 - 2040	4,322,421	618,955	4,941,377
2041 - 2045	1,812,560	188,536	2,001,096
2046 - 2050	560,550	73,710	634,260
2051 - 2052	199,461	5,116	204,577
Total	\$ 17,711,482	3,476,568	21,188,050

The City has outstanding bonds related to business-type activities totaling \$17,711,482. The outstanding bonds are all secured with their respective revenues and/or property and equipment.

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025, the net book values are as follows:

	Governmental Activities
Machinery and equipment	\$ 1,177,349
Less accumulated amortization	(950,868)
Net book value	<u>\$ 226,480</u>

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

Other long-term liabilities:

	Increase		
	Beginning	(Decrease)	Ending
Compensated absences:			
Governmental	\$ 617,131	61,687	678,818
Business-type	238,348	60,265	298,613
Total	<u>\$ 855,479</u>	<u>121,952</u>	<u>977,431</u>
Net pension liability:			
Governmental	\$ 715,418	122,228	837,646
Business-type	190,175	32,491	222,666
Total	<u>\$ 905,593</u>	<u>154,719</u>	<u>1,060,312</u>

3-E. Interfund transactions and balances

Interfund transfers:

	Transfers In	Transfers Out
General fund	\$ 1,458,500	4,750,999
Capital projects fund	4,402,500	790,000
Senior citizens	66,000	-
Local building authority	187,999	-
Santaquin SSD	48,180	-
Water fund	961,933	1,020,113
Sewer fund	511,792	1,075,792
Total	<u>\$ 7,636,903</u>	<u>7,636,903</u>

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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, 2025

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;

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

Firefighters Retirement System (Firefighters System) is a multiple employer, cost sharing, 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, 2025

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

* 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, 2025

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, 2025, 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	-	15.19	0.70
Noncontributory System			
15 - Local Government Div - Tier 1	-	16.97	-
Public Safety System			
122 - Tier 2 DB Hybrid Public Safety (Contributory)	4.73	25.33	-
43 - Other Div A with 2.5% COLA (Noncontributory)	-	33.54	-
Firefighters Retirement System			
31 - Other Division A	15.05	1.61	-
132 - Tier 2 DB Hybrid Firefighters	4.73	14.08	-
Tier 2 DC Only			
211 - Local Government	-	5.19	10.00
222 - Public Safety	-	11.33	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, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 174,423	-
Public Safety System	129,953	-
Firefighters System	2,065	17,870
Tier 2 Public Employees System	174,907	8,049
Tier 2 Public Safety and Firefighter	165,605	30,924
Tier 2 DC Only System	29,605	-
Tier 2 DC Public Safety and Firefighter System	8,863	-
Total Contributions	\$ 685,422	\$ 56,843

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, 2025

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, 2025, we reported a net pension asset of \$53,298 and a net pension liability of \$1,060,312.

	(Measurement Date): December 31, 2024		Proportionate		
	Net Pension Asset	Net Pension Liability	Proportionate Share	Share 12/31/2023	Change (Decrease)
Noncontributory System	\$ -	\$ 410,375	0.1294103%	0.1268882%	0.0025221%
Public Safety System	-	486,481	0.3144058%	0.3390472%	-0.0246414%
Firefighters System	53,298	-	0.3034289%	0.3105490%	-0.0071201%
Tier 2 Public Employees System	-	109,777	0.0368085%	0.0367806%	0.00000279%
Tier 2 Public Safety and Firefighter	-	53,679	0.1186841%	0.1454379%	-0.0267538%
Total	\$ 53,298	\$ 1,060,312			

The net pension asset and liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 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, 2025, we recognize pension expense of \$838,598.

At June 30, 2025, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows	Deferred Inflows
	of Resources	of Resources
Difference between expected and actual experience	\$ 434,446	\$ 3,577
Changes in assumptions	104,989	854
Net difference between projected and actual earnings on pension plan investments	233,537	-
Changes in proportion and differences between contributions and proportionate share of contributions	29,577	42,105
Contributions subsequent to the measurement date	359,133	-
Total	\$ 1,161,682	\$ 46,536

\$359,133 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, 2024. 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, 2025

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>	Net Deferred Outflows (Inflows) of Resources
	\$
2025	312,894
2026	406,305
2027	(64,734)
2028	1,526
2029	36,380
Thereafter	63,642

Actuarial assumptions:

The total pension liability in the December 31, 2024, 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, 2025

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%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Totals	100.00%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

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	\$ 1,735,550	\$ 410,375	\$ (701,018)
Public Safety System	1,494,539	486,481	(336,079)
Firefighters System	115,991	(53,298)	(191,334)
Tier 2 Public Employees System	327,878	109,777	(59,884)
Tier 2 Public Safety and Firefighter	183,042	53,679	(49,748)
Total	\$ 3,857,000	\$ 1,007,014	\$ (1,338,062)

Santaquin City Corporation
NOTES TO FINANCIAL STATEMENTS
June 30, 2025

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:

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 103,494	\$ 115,761	\$ 104,954
Employee Contributions	55,355	58,260	44,815
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	46,674	34,030	27,692
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	34,493	29,678	23,699
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	130	135	965

**REQUIRED SUPPLEMENTARY INFORMATION
(Unaudited)**

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Santaquin City Corporation
Notes to Required Supplementary Information
June 30, 2025

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, 2025, expenditures for all departments were under budgeted amounts.

Changes in Assumptions Related to Pensions

There were no changes in the actuarial assumptions or methods since the prior actuarial valuation.

Santaquin City Corporation
**SCHEDULE OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**
 For the Year Ended June 30, 2025

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
REVENUES:				
Taxes:				
Property	\$ 2,033,864	2,033,864	2,120,258	86,394
Sales	3,309,473	3,309,473	3,564,581	255,108
Other taxes	1,314,115	1,314,115	1,397,810	83,695
License and permits	962,200	1,512,200	1,512,895	695
Intergovernmental revenues	922,900	922,900	1,113,104	190,204
Charges for services	5,102,173	5,540,536	4,952,692	(587,844)
Fines and forfeitures	238,000	238,000	244,650	6,650
Interest	456,000	661,237	782,733	121,496
Miscellaneous revenue	232,072	323,722	254,023	(69,699)
Total revenues	14,570,797	15,856,047	15,942,745	86,698
EXPENDITURES:				
General government	3,104,686	3,157,686	2,901,418	256,268
Public safety	4,476,175	4,380,175	4,248,612	131,563
Highways and public improvements	1,072,219	1,072,219	1,022,015	50,204
Sanitation	912,500	962,500	953,651	8,849
Parks, recreation and public property	2,280,652	2,421,302	2,225,152	196,150
Cemetery	252,826	252,826	219,410	33,416
Total expenditures	12,099,058	12,246,708	11,570,259	676,449
Excess (Deficiency) of Revenues over (Under) Expenditures	2,471,739	3,609,339	4,372,486	763,147
Other Financing Sources and (Uses):				
Transfers in	1,683,500	1,458,500	1,458,500	-
Transfers (out)	(4,128,549)	(5,082,549)	(4,750,999)	331,550
Total other financing sources and (uses)	(2,445,049)	(3,624,049)	(3,292,499)	331,550
Net Change in Fund Balances	26,690	(14,710)	1,079,987	1,094,697
Fund balances - beginning of year	2,643,831	2,643,831	2,643,831	-
Fund balance - end of year	\$ 2,670,521	2,629,121	3,723,818	1,094,697

Santaquin City Corporation
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
June 30, 2025
Last 10 Fiscal Years

	As of December 31,									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Noncontributory Retirement System										
Proportion of the net pension liability (asset)	0.1294103%	0.1268882%	0.1398423%	0.1356882%	0.1375022%	0.1270077%	0.1253051%	0.1223531%	0.1219067%	0.1196808%
Proportionate share of the net pension liability (asset)	\$ 410,375	\$ 294,325	\$ 239,515	\$ (777,101)	\$ 70,531	\$ 478,675	\$ 922,712	\$ 536,066	\$ 782,790	\$ 677,212
Covered employee payroll	\$ 1,063,756	\$ 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
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	38.58%	29.16%	22.03%	-75.43%	6.34%	45.76%	88.81%	52.33%	75.60%	67.95%
Plan fiduciary net position as a percentage of the total pension liability	96.02%	96.90%	97.50%	108.70%	99.20%	93.70%	87.00%	91.90%	87.30%	87.80%
Public Safety System										
Proportion of the net pension liability (asset)	0.3144058%	0.3390472%	0.3803828%	0.3591978%	0.3375815%	0.3846112%	0.3764920%	0.3535016%	0.3690062%	0.3521190%
Proportionate share of the net pension liability (asset)	\$ 486,481	\$ 484,893	\$ 491,863	\$ (291,720)	\$ 280,274	\$ 617,539	\$ 968,558	\$ 554,523	\$ 748,815	\$ 630,734
Covered employee payroll	\$ 450,288	\$ 447,514	\$ 533,316	\$ 496,247	\$ 477,647	\$ 553,539	\$ 541,782	\$ 524,521	\$ 547,351	\$ 517,969
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	108.04%	108.35%	92.23%	-58.79%	58.68%	111.56%	178.77%	105.72%	136.81%	121.77%
Plan fiduciary net position as a percentage of the total pension liability	93.30%	93.44%	93.60%	104.20%	95.50%	90.90%	84.70%	90.20%	86.50%	87.10%
Firefighters Retirement System										
Proportion of the net pension liability (asset)	0.3034289%	0.3105409%	0.2958401%	0.1414369%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ (53,298)	\$ (72,882)	\$ (76,831)	\$ (82,488)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered employee payroll	\$ 124,584	\$ 118,567	\$ 106,380	\$ 47,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-42.78%	-61.47%	-72.22%	-174.93%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	104.64%	7.53%	108.40%	120.10%	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)	0.0368085%	0.0367806%	0.0395088%	0.0361039%	0.0299816%	0.0265400%	0.0257681%	0.0253088%	0.0237908%	0.0286768%
Proportionate share of the net pension liability (asset)	\$ 109,777	\$ 71,589	\$ 43,021	\$ (15,281)	\$ 4,312	\$ 5,969	\$ 11,036	\$ 2,231	\$ 2,654	\$ (63)
Covered employee payroll	\$ 1,090,305	\$ 950,903	\$ 860,255	\$ 669,927	\$ 479,323	\$ 368,476	\$ 301,142	\$ 247,704	\$ 195,101	\$ 185,255
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.07%	7.53%	5.00%	-2.28%	0.90%	1.62%	3.66%	0.90%	1.36%	-0.03%
Plan fiduciary net position as a percentage of the total pension liability	87.44%	89.58%	92.30%	103.80%	98.30%	96.50%	90.80%	97.40%	95.10%	100.20%
Tier 2 Public Safety and Firefighters Retirement										
Proportion of the net pension liability (asset)	0.1186841%	0.1454379%	0.1237613%	0.1225307%	0.1068969%	0.0850476%	0.0899718%	0.0495447%	0.0126808%	0.0000000%
Proportionate share of the net pension liability (asset)	\$ 53,679	\$ 54,785	\$ 10,325	\$ (6,193)	\$ 9,588	\$ 8,000	\$ 2,254	\$ (573)	\$ (110)	\$ -
Covered employee payroll	\$ 541,759	\$ 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	9.91%	9.94%	2.71%	-2.11%	4.57%	5.10%	1.88%	-1.10%	1.05%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	90.10%	89.10%	96.40%	102.80%	93.10%	89.60%	95.60%	103.00%	103.60%	0.00%

Santaquin City Corporation
SCHEDULE OF CONTRIBUTIONS

6/30/2025

Last 10 Fiscal Years

	As of fiscal year ended June 30,	Actuarial 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	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%
	2025	174,423	174,423	-	1,092,113	15.97%
Public Safety System	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%
	2025	129,953	129,953	-	438,130	29.66%
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%
	2025	2,065	2,065	-	128,275	1.61%
Tier 2 Public Employees System*	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%
	2025	174,907	174,907	-	1,151,459	15.19%
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%
	2025	165,605	165,605	-	653,790	25.33%
	2016	11,135	11,135	-	166,441	6.69%
Tier 2 Public Employees DC Only System*	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%
	2025	29,605	29,605	-	570,426	5.19%
	2016	5,056	5,056	-	43,519	11.62%
Tier 2 Public Safety and Firefighter DC Only System*	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%
	2025	8,863	8,863	-	78,227	11.33%

* 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.

Santaquin City
MODIFIED APPROACH FOR INFRASTRUCTURE REPORTING
June 30, 2025

As allowed by GASB 34, Santaquin City has adopted an alternative to reporting depreciation on roads (infrastructure assets) maintained by the Public Works Department. Under the modified approach, infrastructure assets are not depreciated and maintenance and preservation costs are expensed.

Infrastructure assets that are part of a network are not required to be depreciated as long as the following requirements are met:

- The assets will be managed using an asset management system
- Document that the eligible infrastructure assets are being preserved approximately at (or above) the condition level as disclosed below

The asset management system will provide:

- An up-to-date inventory of eligible infrastructure assets
- Perform condition assessments of the eligible infrastructure assets and summarize the results using a measurement scale at least every three years
- Estimate yearly the annual amount of funds needed to maintain and preserve the eligible infrastructure assets at the condition level established
- The results of the three most recent complete condition assessments provide reasonable assurance that the eligible infrastructure assets are being preserved at the disclosed level
- All expenditures, except for additions and improvements, made for the eligible infrastructure assets will be expensed in the period incurred
- Additions and improvements to the eligible infrastructure assets will be capitalized, as they increase the capacity or efficiency of the asset rather than preserve the useful life of the asset

Roads

Santaquin City will utilize the Pavement Management System to determine the condition of the city roads. The assessment is based on the Ride Index, which is a measurement of ride quality on a scale of 1-5, with 5 representing new or nearly new pavement.

Category	Range	Description
Good	3.55 – 4.34	Pavements, which provide an adequate, ride, and exhibit few, if any, visible signs of distress.
Fair	2.75 – 3.54	Surface defects in this category such as cracking, rutting, and raveling are affecting the ride.
Poor	1.85 – 2.74	These roadways have deteriorated to such an extent that they are in need of resurfacing and the ride is noticeably rough.
Very Poor	1.00 – 1.84	Pavements in this category are severely deteriorated, and the ride quality must be improved.

Santaquin City
MODIFIED APPROACH FOR INFRASTRUCTURE REPORTING
June 30, 2025

Condition Level

Santaquin City's condition level policy is to maintain 60% of the roads with a rating of "fair" or better and no more than 20% with a rating of "poor-very poor." All city roads are preserved on a rotating basis, with all new city streets done in a given year, and the rotation started every seven to ten years. The whole city had roads preserved between the years 2000 and current.

Complete assessments of the roads are performed on a fiscal year basis. The following chart shows the results of the pavement ratings for the last five years:

Rating	2025	2024	2023	2022	2021
Fair or Better	86%	76%	76%	76%	76%
Poor - Very Poor	14%	24%	24%	24%	24%

The following table shows the estimated amounts needed to maintain and preserve the roads at or above the established condition levels addressed above, and the amounts actually spent for each of the last five fiscal years.

Fiscal Year	Estimated Spending	Actual Spending
2025	\$14,925,841	\$8,670,713.22
2024	\$7,725,491	\$4,726,970
2023	\$1,812,428	\$1,781,449
2022	\$5,809,187	\$1,238,497
2021	\$2,037,556	\$1,614,385

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, 2025

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees
ASSETS				
Cash and cash equivalents	\$ 39,244	204,358	150	217
Restricted cash and cash equivalents	-	1,849,596	1,469,934	226,782
TOTAL ASSETS				
	<u>\$ 39,244</u>	<u>2,053,953</u>	<u>1,470,084</u>	<u>226,998</u>
LIABILITIES				
Accounts payable	\$ 31	-	-	-
TOTAL LIABILITIES				
	<u>31</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES:				
Restricted for:				
Impact fees	-	1,849,596	1,469,934	226,782
Comm. Develop. and Renewal Agency	-	-	-	-
Local Building Authority	-	-	-	-
Santaquin SSD	-	-	-	-
Committed for:				
Senior citizens	39,213	-	-	-
Assigned	-	204,358	150	217
TOTAL FUND BALANCES				
	<u>39,213</u>	<u>2,053,953</u>	<u>1,470,084</u>	<u>226,998</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
	<u>\$ 39,244</u>	<u>2,053,953</u>	<u>1,470,084</u>	<u>226,998</u>

Community Development & Renewal Agency	Local Building Authority	Santaquin SSD	Total Nonmajor Governmental Funds
-	-	-	243,967
2,551,109	2,986	11,474	6,111,881
2,551,109	2,986	11,474	6,355,848
584	-	-	615
584	-	-	615
-	-	-	3,546,311
2,550,525	-	-	2,550,525
-	2,986	-	2,986
-	-	11,474	11,474
-	-	-	39,213
-	-	-	204,724
2,550,525	2,986	11,474	6,355,233
2,551,109	2,986	11,474	6,355,848

Santaquin City Corporation
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**
 For the Year Ended June 30, 2025

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees
REVENUES:				
Intergovernmental revenue	\$ -	200,000	-	-
Charges for services	45,020	-	-	-
Interest	452	88,756	59,934	10,974
Miscellaneous	98	-	-	-
Total revenues	45,569	288,756	59,934	10,974
EXPENDITURES:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and public improvements	-	-	-	176,763
Parks, recreation and public property	123,772	1,117,921	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	123,772	1,117,921	-	176,763
Excess (Deficiency) of Revenues over (Under) Expenditures	(78,202)	(829,165)	59,934	(165,789)
Other Financing Sources and (Uses):				
Impact fees	-	1,404,623	307,563	254,406
Sale of capital assets	-	-	-	-
Transfers in	66,000	-	-	-
Transfers out	-	-	-	-
Total other financing sources and (uses)	66,000	1,404,623	307,563	254,406
Net Change in Fund Balances	(12,202)	575,458	367,497	88,617
Fund balances - beginning of year	51,415	1,478,495	1,102,587	138,381
Fund balance - end of year	\$ 39,213	2,053,953	1,470,084	226,998

Community Development & Renewal Agency	Local Building Authority	Santaquin SSD	Total Nonmajor Governmental Funds
-	-	-	200,000
-	-	-	45,020
83,665	790	-	244,571
-	-	-	98
83,665	790	-	489,688
-	2,313	-	2,313
-	-	-	-
1,506,332	-	49,205	1,732,300
-	-	-	1,241,693
-	119,000	-	119,000
-	66,749	-	66,749
1,506,332	188,062	49,205	3,162,054
(1,422,667)	(187,272)	(49,205)	(2,623,161)
-	-	-	1,966,592
3,253,219	-	-	3,253,219
-	187,999	48,180	302,179
-	-	-	-
3,253,219	187,999	48,180	5,521,990
1,830,552	727	(1,025)	2,898,829
719,973	2,259	12,499	3,505,609
2,550,525	2,986	11,474	6,355,233

**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, 2025, 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, 2025.

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

Larson & Company, PC

Spanish Fork, Utah

October 31, 2025

**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, 2025

State compliance requirements were tested for the year ended June 30, 2025 in the following areas:

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

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, 2025.

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, 2025

SANTAQUIN CITY

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2025

Summary of Current Year Findings

Financial Statement Findings

No findings noted during current year.

State Compliance Findings

No findings noted during current year

Summary of Prior Year Findings

Financial Statement Findings

No findings noted during prior year.

State Compliance Findings

No findings noted during prior year.

SANTAQUIN CITY



COMMUNICATION WITH THOSE CHARGED WITH GOVERNANCE

For the Years Ended June 30, 2025



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, 2025, and have issued our report thereon dated October 31, 2025. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated July 1, 2025, 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 the system 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 system of 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 findings 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 performed additional procedures for:

- Improper revenue recognition is considered a significant inherent risk according to GAAS.
- Cash disbursements are considered significant risks for governmental entities as they are dealing with public funds.
- Potential management bias, financial statement estimates, and management's ability to override controls are considered significant risks according to GAAS.

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 2025. 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 relating 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 communicated 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, 2025.

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 to 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 report 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, 2025

Internal control findings – Current year

There were no internal control findings noted in the current year.

State compliance findings – Current year

There were no state compliance findings noted in the current year.

Internal control findings – Prior year

There were no internal control findings noted in the prior year.

State compliance findings – Prior year

There were no state compliance findings noted in the prior year.

SANTAQUIN CITY



Report on Bond Compliance

For the Year Ended June 30, 2025



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CITY OF SANTAQUIN, UTAH
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June 30, 2025

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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, 2025, and have issued our report thereon dated October 31, 2025.

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.

Larson & Company, PC

Larson & Company, PC

Spanish Fork, Utah
October 31, 2025

CITY OF SANTAQUIN, UTAH
Net Revenue Bond Requirement – Sewer Fund
Year Ended June 30, 2025

Operating Income	\$ 3,130,466
Other Income	2,028,709
Operating Expense Not Requiring Funds:	
Depreciation	<u>892,255</u>
Net Revenues	6,051,430
Debt Service - 2025 Fiscal Year	
Principal	\$ 408,230
Interest	<u>101,632</u>
Total	<u>509,862</u>
Required 120%	<u>611,834</u>
Net Revenues In Excess	<u>\$ 5,439,596</u>

CITY OF SANTAQUIN, UTAH
Net Revenue Bond Requirement – Water Fund
Year Ended June 30, 2025

Operating Income	\$ 4,835,594
Other Income	1,335,521
Operating Expense Not Requiring Funds:	
Depreciation	<u>1,157,246</u>
Net Revenues	
	7,328,361
Debt Service - 2025 Fiscal Year	
Principal	630,000
Interest	<u>240,923</u>
Total	<u>870,923</u>
Required 125%	<u>1,045,108</u>
Net Revenues In Excess	<u><u>\$ 6,283,253</u></u>

CITY OF SANTAQUIN, UTAH
Insurance Coverage
Year Ended June 30, 2025

COMPANY	COVERAGE AMOUNT	COVERAGE	EXPIRATION DATE
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, 2025

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 5,616 water connections and 5,519 sewer connections, and 4,428 pressurized irrigation connections.

BILLINGS

For the year ended June 30, 2025, the total water billings were \$2,362,833.01
The total pressurized irrigation billings were \$1,712,620.63, and the total sewer billings were \$3,120,064.10.

CITY OF SANTAQUIN, UTAH

Water and Sewer Rates

Year Ended June 30, 2025

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