

Santaquin City Corporation  
Utah County, Utah

**ANNUAL FINANCIAL REPORT**

For the Year Ended June 30, 2016



Santaquin City Corporation  
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June 30, 2016

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City, Utah as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City, Utah, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, the supplement on the Modified Approach for Infrastructure Reporting, and required information relating to pensions on pages 3-11 and 49-54 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

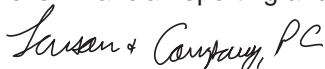
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise 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 on pages 55-57 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 December 14, 2016, on our consideration of Santaquin City, Utah's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Santaquin City, Utah's internal control over financial reporting and compliance.



Larson & Company, PC  
Spanish Fork, Utah  
December 14, 2016

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Santaquin City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

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, 2016.

**FINANCIAL HIGHLIGHTS**

- \*Total net position for the City as a whole decreased by \$364,967.
- \*Total unrestricted net position for the City as a whole decreased by \$326,958.
- \*Total net position for governmental activities increased by \$598,335.
- \*Total net position for business-type activities decreased by \$963,302.

**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 of resources, liabilities and deferred inflow of resources, with the difference between them 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 assets 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, 2016

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

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

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

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

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

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

Proprietary funds. The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses three enterprise funds to account for the operations of the water, sewer, irrigation, 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, 2016

**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	\$ 3,406,649	3,394,644	1,860,633	1,628,989	5,267,282	5,023,633
Net capital assets	18,842,330	16,260,251	29,640,000	31,652,831	48,482,329	47,913,082
Deferred outflows of resources	565,946	167,260	151,313	44,461	717,259	211,721
<b>Total assets and deferred outflows</b>	<b><u>22,814,925</u></b>	<b><u>19,822,154</u></b>	<b><u>31,651,946</u></b>	<b><u>33,326,281</u></b>	<b><u>54,466,871</u></b>	<b><u>53,148,436</u></b>
Long-term liabilities	3,216,040	1,031,271	14,484,735	15,327,674	17,700,774	16,358,944
Other liabilities	2,658,207	2,465,305	541,478	414,631	3,199,685	2,879,936
Deferred inflows of resources	142,131	125,366	37,128	32,070	179,259	157,436
<b>Total liabilities and deferred inflows</b>	<b><u>6,016,378</u></b>	<b><u>3,621,941</u></b>	<b><u>15,063,341</u></b>	<b><u>15,774,375</u></b>	<b><u>21,079,719</u></b>	<b><u>19,396,316</u></b>
Net position:						
Net investment in capital assets	15,626,290	15,228,980	15,155,265	16,325,158	30,781,555	31,554,138
Restricted	1,114,669	915,634	2,762,910	2,227,371	3,877,579	3,143,005
Unrestricted	57,589	55,598	(1,329,570)	(1,000,622)	(1,271,982)	(945,024)
<b>Total net position</b>	<b><u>\$ 16,798,547</u></b>	<b><u>16,200,213</u></b>	<b><u>16,588,604</u></b>	<b><u>17,551,906</u></b>	<b><u>33,387,152</u></b>	<b><u>33,752,119</u></b>

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 inflows of resources at the close of the year by \$33,387,152, a decrease of \$364,967 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 a deficit of \$1,271,982, which represents a decrease of \$326,958 from the previous year. Unrestricted net position are those 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, 2016

**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		
<b>Program revenues:</b>						
Charges for services	1,934,075	1,731,455	3,404,518	3,139,940	5,338,592	4,871,395
Operating grants	978,086	929,500	-	-	978,086	929,500
Capital grants	899,883	457,560	1,042,093	814,184	1,941,976	1,271,744
<b>General revenues:</b>						
Property taxes	734,291	716,939	-	-	734,291	716,939
Sales tax	1,109,606	1,059,084	-	-	1,109,606	1,059,084
Other taxes	522,313	517,437	-	-	522,313	517,437
Other revenues	95,468	433,133	15,420	9,711	110,888	442,844
<b>Total revenues</b>	<b><u>6,273,722</u></b>	<b><u>5,845,107</u></b>	<b><u>4,462,031</u></b>	<b><u>3,963,835</u></b>	<b><u>10,735,752</u></b>	<b><u>9,808,942</u></b>
<b>Expenses:</b>						
General government	1,418,843	1,294,753	-	-	1,418,843	1,294,753
Public safety	2,105,714	1,938,587	-	-	2,105,714	1,938,587
Highways and improvements	1,657,272	1,545,744	-	-	1,657,272	1,545,744
Sanitation	389,633	318,414	-	-	389,633	318,414
Parks and recreation	1,042,100	892,977	-	-	1,042,100	892,977
Cemetery	61,460	74,890	-	-	61,460	74,890
Interest on long-term debt	129,495	37,930	-	-	129,495	37,930
Water	-	-	2,210,470	1,958,331	2,210,470	1,958,331
Sewer	-	-	2,085,732	2,000,995	2,085,732	2,000,995
Storm drain	-	-	-	-	-	-
<b>Total expenses</b>	<b><u>6,804,517</u></b>	<b><u>6,103,295</u></b>	<b><u>4,296,202</u></b>	<b><u>3,959,327</u></b>	<b><u>11,100,719</u></b>	<b><u>10,062,622</u></b>
<b>Excess (deficiency) before transfers</b>	<b><u>(530,795)</u></b>	<b><u>(258,188)</u></b>	<b><u>165,828</u></b>	<b><u>4,508</u></b>	<b><u>(364,967)</u></b>	<b><u>(253,680)</u></b>
Transfers in (out)	1,129,130	952,165	(1,129,130)	(952,165)	-	-
<b>Change in net position</b>	<b><u>598,335</u></b>	<b><u>693,976</u></b>	<b><u>(963,302)</u></b>	<b><u>(947,657)</u></b>	<b><u>(364,967)</u></b>	<b><u>(253,680)</u></b>

For the City as a whole, total revenues increased by \$926,811 compared to the previous year, while total expenses increased by \$1,038,097. The total net change of (\$364,967) is, in private sector terms, the net loss for the year which is \$111,287 less than the previous year's change (net loss).

Governmental activities revenues of \$6,273,722 is an increase of \$428,615 from the previous year. Revenues from capital grants were the primary cause for the increase. Governmental activities expenses of \$6,804,517 is an increase of \$701,222 from the previous year. While cemetery expenses decreased slightly during the year, all other department expenses increased.

Business-type activities revenue of \$4,462,031 is an increase of \$498,196 from the previous year. Revenues from charges for services and capital grants increased. Business-type activities expenses of \$4,296,202 is an increase of \$336,876 from the previous year. This is due to an increase in operation expenses in the water, sewer and irrigation funds.

Santaquin City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

**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 \$893,672 reflects a decrease of \$156,584 from the previous year. Total revenues increased by \$20,093. Tax revenues, including property taxes and sales taxes increased by \$72,750. Licenses and permits revenue increased by \$86,429. Revenues from charges for services increased by \$110,304. All other revenues decreased by \$249,390.

Total expenditures increased by \$368,784. Expenditure changes from the previous year, by department: general government increased by \$129,547; public safety increased by \$105,220; streets and highways decreased by \$27,811; sanitation increased by \$71,219; parks and recreation increased by \$93,318; and cemetery decreased by \$13,431. Capital outlay expenditures decreased by \$41,653. Interest expenditures increased by \$52,375.

Fund balance restricted for parks and recreation and liabilities amounted to \$2,986 and \$45,178, respectively. Assigned fund balances amounted to \$154,875. The unassigned fund balance amounts to \$690,632.

*Water Fund*

The change in net position (net loss) from operations was \$122,452, which was \$66,574 less than the previous year's amount (net loss). Net investment in capital assets is \$5,559,014. The amounts restricted for money in lieu of water and debt service are \$644,763 and \$1,220,985, respectively. Unrestricted net position amounts to \$248,296.

*Sewer Fund*

The change in net position (net loss) from operations was \$486,885, which was \$23,119 less than the previous year's net loss. Net investment in capital assets is \$9,596,251. The amount restricted for debt service is \$897,162. Unrestricted net position amounts to a deficit of \$1,577,118.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Revenues for the current year, exclusive of transfers and fund balance appropriations, were originally budgeted in the amount of \$4,953,459. This amount was amended in the final budget to \$5,212,806. Actual revenues, excluding transfers, amounted to \$4,859,705.

Expenditures for the current year, excluding transfers, were originally budgeted in the amount of \$5,179,601. This amount was amended in the final budget to \$5,438,843. Actual expenditures amounted to \$5,230,130.

Net transfers in for the year were originally budgeted in the amount of \$224,142. The final budget for net transfers in was for the amount of \$213,841, which was equal to the actual net transfers in.

Santaquin City Corporation  
**Management's Discussion and Analysis**  
June 30, 2016

**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		
<b>Net Capital Assets:</b>						
Land	\$ 994,142	934,165	124,032	124,032	1,118,174	1,058,197
Water shares and rights	-	-	535,148	535,148	535,148	535,148
Buildings and improvements	3,362,928	3,561,644	31,621	34,185	3,394,549	3,595,830
Water system	-	-	9,863,834	10,711,154	9,863,834	10,711,154
Sewer system	-	-	19,081,849	20,243,317	19,081,849	20,243,317
Infrastructure	11,218,084	10,625,988	-	-	11,218,084	10,625,988
Machinery and equipment	786,810	838,327	3,515	4,995	790,325	843,322
Work in progress	2,480,367	300,128	-	-	2,480,367	300,128
<b>Totals</b>	<b>\$ 18,842,330</b>	<b>16,260,251</b>	<b>29,640,000</b>	<b>31,652,831</b>	<b>48,482,329</b>	<b>47,913,082</b>

The total amount of capital assets, net of depreciation, of \$48,482,329 is an increase of \$569,247 from the previous year.

Governmental activities capital assets, net of depreciation, of \$18,842,330 is an increase of \$2,582,079 from the previous year.

Business-type activities capital assets, net of depreciation, of \$29,640,000 is a decrease of \$2,012,831 from the previous year.

The net increase in capital assets is equal to the amount that investment in new capital assets exceeded depreciation charged on capital assets during the 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, 2016

**CAPITAL ASSETS AND DEBT ADMINISTRATION (continued)**

**Santaquin City Corporation's Outstanding Debt**

	<u>Current Year</u>	<u>Previous Year</u>
<b>Governmental activities:</b>		
2006 Ambulance Lease	\$ -	6,100
2006 Fire Truck Lease	-	23,858
2005 Sales Tax Revenue (General)	-	156,000
2012 (3) Piece Equipment Lease	-	46,640
2010 Dump Truck Lease	-	33,894
2012 Equipment Lease (EMS)	-	66,855
2013 (4) Piece Equipment Lease	62,657	93,044
2014 Equipment Lease	31,191	43,233
2014 (7) Equipment Lease	85,100	153,077
2015 Equipment Lease	167,416	-
2015 Pierce Saber Pumper Fire Truck	369,677	408,570
2015 Lease Revenue	2,500,000	-
Compensated absences	362,488	364,483
<b>Total governmental</b>	<b><u>\$ 3,578,528</u></b>	<b><u>1,395,754</u></b>
<b>Business-type activities:</b>		
1993B Sewer Bond	\$ -	66,000
1993A Sewer Bond	340,000	373,000
2012 Sewer Revenue Refunding	534,000	570,000
2012 P.I. Revenue Refunding	4,854,000	5,199,000
2011 A-1 Sewer Revenue Bond	5,083,000	5,403,000
2011B Sewer Revenue Bond	900,000	900,000
2011 A-2 Sewer Revenue	2,773,735	2,816,674
Compensated absences	137,280	102,676
<b>Total business-type</b>	<b><u>\$ 14,622,015</u></b>	<b><u>15,430,350</u></b>
<b>Total outstanding debt</b>	<b><u>\$ 18,200,543</u></b>	<b><u>16,826,103</u></b>

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, 275 West Main Street, Santaquin, UT 84655.

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## **BASIC FINANCIAL STATEMENTS**

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Santaquin City Corporation  
**STATEMENT OF NET POSITION**  
June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>			
Assets:			
Current Assets:			
Cash and cash equivalents	\$ 757,666	-	757,666
Accounts receivable, net of allowances	195,451	290,574	486,025
Internal balances	1,209,545	(1,209,545)	-
Other current assets	-	16,682	16,682
Total current assets	2,162,661	(902,289)	1,260,372
Non-current assets:			
Restricted cash and cash equivalents	1,243,937	2,762,910	4,006,847
Capital assets:			
Not being depreciated	14,692,592	659,180	15,351,772
Net of accumulated depreciation	4,149,738	28,980,819	33,130,557
Net pension asset	51	12	63
Total non-current assets	20,086,318	32,402,921	52,489,239
Total assets	22,248,979	31,500,632	53,749,612
Deferred outflows of resources - pensions	565,946	151,313	717,259
<b>Total assets and deferred outflows of resources</b>	<b>\$ 22,814,925</b>	<b>31,651,946</b>	<b>54,466,871</b>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>			
Liabilities:			
Current Liabilities:			
Accounts payable and accrued liabilities	\$ 1,177,399	15,949	1,193,348
Accrued interest payable	53,560	76,383	129,943
Customer security deposits	905	36,600	37,505
Long-term debt due within one year	295,428	858,245	1,153,673
Total current liabilities	1,527,292	987,177	2,514,470
Non-current liabilities:			
Compensated absences	362,488	137,280	499,768
Closure and post closure costs	31,174	-	31,174
Long-term debt due after one year	2,920,612	13,626,490	16,547,101
Net pension liability	1,032,680	275,266	1,307,946
Total non-current liabilities	4,346,954	14,039,035	18,385,990
Total liabilities	5,874,247	15,026,213	20,900,459
Deferred inflows of resources - property taxes	2,612	-	2,612
Deferred inflows of resources - pensions	139,519	37,128	176,647
<b>Total liabilities and deferred inflows of resources</b>	<b>6,016,378</b>	<b>15,063,341</b>	<b>21,079,719</b>
<b>NET POSITION:</b>			
Net investment in capital assets	15,626,290	15,155,265	30,781,555
Restricted:			
Parks and recreation	2,986	-	2,986
Bond requirements	-	2,118,147	2,118,147
Impact fees	922,058	-	922,058
Transportation SSD	144,446	-	144,446
Money in lieu of water	-	644,763	644,763
Liabilities	45,178	-	45,178
Unrestricted	57,589	(1,329,570)	(1,271,982)
<b>Total net position</b>	<b>16,798,547</b>	<b>16,588,604</b>	<b>33,387,152</b>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<b>\$ 22,814,925</b>	<b>31,651,946</b>	<b>54,466,871</b>

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, 2016

	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue (To Next Page)
<b><u>FUNCTIONS/PROGRAMS:</u></b>					
<b>Primary government:</b>					
Governmental activities:					
General government	\$ 1,418,843	775,798	-	3,325	(639,720)
Public safety	2,105,714	337,895	31,219	64,299	(1,672,302)
Highways and public improvements	1,657,272	-	941,364	463,259	(252,648)
Sanitation	389,633	567,317	-	-	177,685
Parks, recreation and public property	1,042,100	202,927	5,503	369,000	(464,671)
Cemetery	61,460	50,138	-	-	(11,322)
Interest on long-term debt	129,495	-	-	-	(129,495)
<b>Total governmental activities</b>	<b><u>6,804,517</u></b>	<b><u>1,934,075</u></b>	<b><u>978,086</u></b>	<b><u>899,883</u></b>	<b><u>(2,992,473)</u></b>
Business-type activities:					
Water	1,810,290	1,138,791	-	463,970	(207,529)
Sewer	2,085,732	1,437,540	-	578,123	(70,069)
Irrigation	400,181	818,085	-	-	417,904
Storm Drain	-	10,103	-	-	10,103
<b>Total business-type activities</b>	<b><u>4,296,202</u></b>	<b><u>3,404,518</u></b>	<b><u>-</u></b>	<b><u>1,042,093</u></b>	<b><u>150,408</u></b>
<b>Total primary government</b>	<b><u>\$ 11,100,719</u></b>	<b><u>5,338,592</u></b>	<b><u>978,086</u></b>	<b><u>1,941,976</u></b>	<b><u>(2,842,065)</u></b>

(continued on next page)

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

Santaquin City Corporation  
**STATEMENT OF ACTIVITIES (continued)**  
For the Year Ended June 30, 2016

	Governmental Activities	Business-type Activities	Total
<b>CHANGES IN NET POSITION:</b>			
<b>Net (expense) revenue (from previous page)</b>	<b>\$ (2,992,473)</b>	<b>150,408</b>	<b>(2,842,065)</b>
<b>General revenues:</b>			
Property taxes	734,291	-	734,291
Sales tax	1,109,606	-	1,109,606
Other taxes	522,313	-	522,313
Unrestricted investment earnings	12,004	15,420	27,424
Miscellaneous	83,464	-	83,464
<b>Total general revenues</b>	<b>2,461,678</b>	<b>15,420</b>	<b>2,477,098</b>
<b>Transfers in (out)</b>	1,129,130	(1,129,130)	-
<b>Total general revenues and transfers</b>	<b>3,590,808</b>	<b>(1,113,710)</b>	<b>2,477,098</b>
<b>Change in net position</b>	<b>598,335</b>	<b>(963,302)</b>	<b>(364,967)</b>
Net position - beginning	16,200,213	17,551,906	33,752,119
<b>Net position - ending</b>	<b>\$ 16,798,548</b>	<b>16,588,604</b>	<b>33,387,152</b>

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

Santaquin City Corporation  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
June 30, 2016

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 525,247	232,419	-	757,666
Accounts receivable, net of allowances	160,760	34,691	-	195,451
Due from other funds	1,333,936	-	-	1,333,936
Restricted cash and cash equivalents	53,066	-	1,190,871	1,243,937
<b>TOTAL ASSETS</b>	<b>\$ 2,073,009</b>	<b>267,110</b>	<b>1,190,871</b>	<b>3,530,990</b>
 <b>LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>				
Liabilities:				
Accounts payable	\$ 1,176,725	1,537	42	1,178,304
Due to other funds	-	-	124,391	124,391
Total liabilities	1,176,725	1,537	124,433	1,302,695
Deferred inflow of resources	2,612	-	-	2,612
<b>TOTAL LIABILITIES AND DEFERRED INFLOW OF RESOURCES</b>	<b>1,179,338</b>	<b>1,537</b>	<b>124,433</b>	<b>1,305,308</b>
 <b>FUND BALANCES:</b>				
Restricted for:				
Parks and recreation	2,986	-	-	2,986
Impact fees and grants	-	-	922,058	922,058
Liabilities	45,178	-	-	45,178
Transportation SSD	-	-	136,403	136,403
Committed for:				
Senior citizens	-	-	7,977	7,977
Assigned for:				
Capital projects	-	265,573	-	265,573
Other	105,479	-	-	105,479
Fire department	49,396	-	-	49,396
Unassigned	690,632	-	-	690,632
<b>TOTAL FUND BALANCES</b>	<b>893,672</b>	<b>265,573</b>	<b>1,066,437</b>	<b>2,225,682</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND FUND BALANCES</b>	<b>\$ 2,073,009</b>	<b>267,110</b>	<b>1,190,871</b>	<b>3,530,990</b>

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, 2016

	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Total Governmental Funds
<b>REVENUES:</b>				
Taxes:				
Property	\$ 734,291	-	-	734,291
Sales	1,109,606	-	-	1,109,606
Other taxes	522,313	-	-	522,313
Licenses and permits	527,625	-	-	527,625
Intergovernmental revenues	480,410	368,310	501,001	1,349,721
Charges for services	1,166,178	-	15,417	1,181,595
Fines and forfeitures	224,854	-	-	224,854
Interest	12,004	-	-	12,004
Miscellaneous revenue	82,424	-	1,040	83,464
<b>Total revenues</b>	<b>4,859,705</b>	<b>368,310</b>	<b>517,458</b>	<b>5,745,473</b>
<b>EXPENDITURES:</b>				
Current:				
General government	1,221,567	175,193	-	1,396,760
Public safety	1,850,306	15,462	-	1,865,768
Highways and public improvements	889,909	15,022	712,740	1,617,671
Sanitation	389,633	-	-	389,633
Parks, recreation and public property	767,878	-	155,396	923,274
Cemetery	58,462	-	-	58,462
Capital outlay	-	3,041,037	-	3,041,037
Debt service:				
Principal	-	356,240	156,000	512,240
Interest	52,375	25,742	3,315	81,432
<b>Total expenditures</b>	<b>5,230,130</b>	<b>3,628,697</b>	<b>1,027,451</b>	<b>9,886,277</b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b>(370,425)</b>	<b>(3,260,387)</b>	<b>(509,993)</b>	<b>(4,140,804)</b>
<b>Other Financing Sources and (Uses):</b>				
Proceeds from bonds and capital leases	-	2,697,009	-	2,697,009
Impact fees	-	-	528,248	528,248
Transfers in	1,314,532	733,116	233,880	2,281,528
Transfers (out)	(1,100,691)	(6,800)	(44,907)	(1,152,398)
<b>Total other financing sources and (uses)</b>	<b>213,841</b>	<b>3,423,326</b>	<b>717,221</b>	<b>4,354,388</b>
<b>Net Change in Fund Balances</b>	<b>(156,584)</b>	<b>162,939</b>	<b>207,228</b>	<b>213,584</b>
Fund balances - beginning of year	1,050,255	102,634	859,209	2,012,099
<b>Fund balances - end of year</b>	<b>\$ 893,672</b>	<b>265,573</b>	<b>1,066,437</b>	<b>2,225,682</b>

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**  
 For the Year Ended June 30, 2016

<b>Total Fund Balances for Governmental Funds</b>	<b><u>\$ 2,225,682</u></b>
Total net position 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	23,834,620
Less accumulated depreciation	<u>(4,992,290)</u>
Net capital assets	<u>18,842,330</u>
Net pension assets are not financial resources and, therefore, are not reported in the funds.	
	<u>51</u>
Deferred outflows of resources, a consumption of net position that applies to future periods, is not shown in the funds statements.	
	<u>565,946</u>
Long-term liabilities, for funds other than enterprise fund are recorded in the government-wide statements but not in the fund statements.	
General long-term debt	<u>(3,216,040)</u>
Interest accrued but not yet paid on long-term debt	<u>(53,560)</u>
Compensated absences	<u>(362,488)</u>
Closure and post closure costs	<u>(31,174)</u>
Net pension liability	<u>(1,032,680)</u>
Deferred inflows of resources - pensions	<u>(139,519)</u>
<b>Total Net Position of Governmental Activities</b>	<b><u>\$ 16,798,547</u></b>

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



Santaquin City Corporation  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**  
For the Year Ended June 30, 2016

**Net Change in Fund Balances - Total Governmental Funds** **\$ 213,584**

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	3,041,037
Depreciation expense	<u>(458,958)</u>
Net	<u>2,582,079</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. 33,508

Debt proceeds are reported as financing sources in government funds. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities.

Debt issued	<u>(2,697,009)</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	<u>512,240</u>
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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>(48,062)</u>
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Compensated absences 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	<u>1,995</u>
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**Change in Net Position of Governmental Activities** **\$ 598,335**

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

Santaquin City Corporation  
**STATEMENT OF NET POSITION - PROPRIETARY FUNDS**  
June 30, 2016

	Water Fund	Sewer Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds
<b>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES:</b>				
Assets:				
Current assets:				
Accounts receivable, net	\$ 181,699	106,728	2,146	290,574
Due from other funds	327,776	-	-	327,776
Other current assets	-	16,682	-	16,682
<b>Total current assets</b>	<u>509,475</u>	<u>123,410</u>	<u>2,146</u>	<u>635,032</u>
Non-current assets:				
Restricted cash and cash equivalents	1,865,748	897,162	-	2,762,910
Capital assets:				
Not being depreciated	549,180	110,000	-	659,180
Net of accumulated depreciation	9,863,834	19,116,985	-	28,980,819
Net pension asset	5	7	-	12
<b>Total non-current assets</b>	<u>12,278,767</u>	<u>20,124,154</u>	<u>-</u>	<u>32,402,921</u>
<b>Total assets</b>	<u>12,788,243</u>	<u>20,247,565</u>	<u>2,146</u>	<u>33,037,953</u>
Deferred outflows of resources - pensions	87,255	64,058	-	151,313
<b>Total assets and deferred outflows of resources</b>	<u><b>\$ 12,875,497</b></u>	<u><b>20,311,623</b></u>	<u><b>2,146</b></u>	<u><b>33,189,267</b></u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES:</b>				
Liabilities:				
Current liabilities:				
Accounts payable	\$ 15,787	163	-	15,949
Due to other funds	-	1,534,427	2,894	1,537,321
Accrued interest payable	43,671	32,712	-	76,383
Compensated absences	73,149	64,131	-	137,280
Customer security deposits	36,600	-	-	36,600
Long-term debt, current portion	354,000	504,245	-	858,245
<b>Total current liabilities</b>	<u>523,207</u>	<u>2,135,678</u>	<u>2,894</u>	<u>2,661,778</u>
Non-current liabilities:				
Long-term debt, long-term portion	4,500,000	9,126,490	-	13,626,490
Net pension liability	157,980	117,286	-	275,266
<b>Total non-current liabilities</b>	<u>4,657,980</u>	<u>9,243,776</u>	<u>-</u>	<u>13,901,755</u>
<b>Total liabilities</b>	<u>5,181,186</u>	<u>11,379,453</u>	<u>2,894</u>	<u>16,563,534</u>
Deferred inflows of resources - pensions	21,254	15,875	-	37,128
<b>Total liabilities and deferred inflows of resources</b>	<u><b>5,202,440</b></u>	<u><b>11,395,328</b></u>	<u><b>2,894</b></u>	<u><b>16,600,662</b></u>
<b>NET POSITION:</b>				
Net investment in capital assets	5,559,014	9,596,251	-	15,155,265
Restricted for:				
Money in lieu of water	644,763	-	-	644,763
Debt service	1,220,985	897,162	-	2,118,147
Unrestricted	248,296	(1,577,118)	(748)	(1,329,570)
<b>Total net position</b>	<u><b>7,673,058</b></u>	<u><b>8,916,295</b></u>	<u><b>(748)</b></u>	<u><b>16,588,604</b></u>
<b>Total liabilities, deferred inflows of resources, and net position</b>	<u><b>\$ 12,875,497</b></u>	<u><b>20,311,623</b></u>	<u><b>2,146</b></u>	<u><b>33,189,267</b></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, 2016

	Water Fund	Sewer Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds
<b>Operating income:</b>				
Charges for sales and service	\$ 1,852,930	1,436,583	10,103	3,299,615
Connection fees	64,500	-	-	64,500
Other operating income	39,446	957	-	40,403
<b>Total operating revenue</b>	<b><u>1,956,876</u></b>	<b><u>1,437,540</u></b>	<b><u>10,103</u></b>	<b><u>3,404,518</u></b>
<b>Operating expenses:</b>				
Personnel services	446,307	315,481	-	761,788
Utilities	152,377	54,447	-	206,824
Repair and maintenance	400,482	303,989	-	704,472
Other supplies and expenses	232,842	84,996	-	317,838
Depreciation expense	847,320	1,165,512	-	2,012,831
<b>Total operating expense</b>	<b><u>2,079,328</u></b>	<b><u>1,924,425</u></b>	<b><u>-</u></b>	<b><u>4,003,753</u></b>
<b>Net operating income (loss)</b>	<b><u>(122,452)</u></b>	<b><u>(486,885)</u></b>	<b><u>10,103</u></b>	<b><u>(599,235)</u></b>
<b>Non-operating income (expense):</b>				
Impact fees	463,970	578,123	-	1,042,093
Interest income	6,713	8,707	-	15,420
Interest on long-term debt	(131,143)	(161,307)	-	(292,450)
<b>Total non-operating income (expense)</b>	<b><u>339,541</u></b>	<b><u>425,523</u></b>	<b><u>-</u></b>	<b><u>765,064</u></b>
<b>Income (loss) before transfers and capital contributions</b>	<b>217,088</b>	<b>(61,363)</b>	<b>10,103</b>	<b>165,828</b>
Transfers in	133,009	200,000	-	333,009
Transfers (out)	(987,468)	(463,821)	(10,851)	(1,462,139)
<b>Change in net position</b>	<b>(637,371)</b>	<b>(325,183)</b>	<b>(748)</b>	<b>(963,302)</b>
Net position - beginning	8,310,428	9,241,478	-	17,551,906
<b>Net position, ending</b>	<b><u>\$ 7,673,057</u></b>	<b><u>8,916,295</u></b>	<b><u>(748)</u></b>	<b><u>16,588,604</u></b>

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

Santaquin City Corporation  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS**  
For the Year Ended June 30, 2016

	Water Fund	Sewer Fund	Nonmajor Storm Drain Fund	Total Enterprise Funds
<b>Cash flows from operating activities:</b>				
Cash received from customers - service	\$ 1,960,904	1,447,585	7,956	3,416,446
Cash paid to suppliers	(787,184)	(444,126)	-	(1,231,310)
Cash paid to employees	(421,701)	(314,463)	-	(736,165)
<b>Net cash provided (used) in operating activities</b>	<b><u>752,019</u></b>	<b><u>688,995</u></b>	<b><u>7,956</u></b>	<b><u>1,448,971</u></b>
<b>Cash flows from noncapital financing activities:</b>				
Change in customer deposits	1,800	-	-	1,800
Net interfund activity	(337,006)	(492,394)	(7,956)	(837,357)
<b>Net cash provided (used) in noncapital financing activities</b>	<b><u>(335,206)</u></b>	<b><u>(492,394)</u></b>	<b><u>(7,956)</u></b>	<b><u>(835,557)</u></b>
<b>Cash flows from capital and related financing activities:</b>				
Cash received from impact fees	463,970	578,123	-	1,042,093
Cash received from capital grants	-	-	-	-
Cash payments for capital assets	-	-	-	-
Cash payments for long-term debt principal	(345,000)	(497,939)	-	(842,939)
Cash payments for long-term debt interest	(131,143)	(161,307)	-	(292,450)
<b>Net cash provided (used) in capital and related financing activities</b>	<b><u>(12,172)</u></b>	<b><u>(81,123)</u></b>	<b><u>-</u></b>	<b><u>(93,295)</u></b>
<b>Cash flows from investing activities:</b>				
Cash received from interest earned	6,713	8,707	-	15,420
<b>Net cash provided (used) in investing activities</b>	<b><u>6,713</u></b>	<b><u>8,707</u></b>	<b><u>-</u></b>	<b><u>15,420</u></b>
<b>Net increase (decrease) in cash</b>	<b>411,354</b>	<b>124,185</b>	<b>-</b>	<b>535,539</b>
Cash balance, beginning	1,454,393	772,977	-	2,227,371
<b>Cash balance, ending</b>	<b><u>\$ 1,865,748</u></b>	<b><u>897,162</u></b>	<b><u>-</u></b>	<b><u>2,762,910</u></b>
<b>Cash reported on the statement of net position:</b>				
Cash and cash equivalents	\$ -	-	-	-
Non-current restricted cash	1,865,748	897,162	-	2,762,910
<b>Total cash and cash equivalents</b>	<b><u>\$ 1,865,748</u></b>	<b><u>897,162</u></b>	<b><u>-</u></b>	<b><u>2,762,910</u></b>

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

Santaquin City Corporation  
**STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS (continued)**  
For the Year Ended June 30, 2016

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

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Nonmajor Storm Drain Fund</u>	<u>Total Enterprise Funds</u>
<b>Net operating income (loss)</b>	<b>\$ (122,452)</b>	<b>(486,885)</b>	<b>10,103</b>	<b>(599,235)</b>
Adjustments to reconcile operating income or (loss) to net cash provided (used) in operating activities:				
Depreciation and amortization	847,320	1,165,512	-	2,012,831
Changes in assets and liabilities:				
(Increase) decrease in receivables	4,029	13,575	(2,146)	15,458
(Increase) decrease in other current assets	-	(3,529)	-	(3,529)
(Increase) decrease in non-current assets	112	81	-	193
(Increase) decrease in deferred outflows	(61,848)	(45,004)	-	(106,852)
Increase (decrease) in payables	81,932	43,115	-	125,047
Increase (decrease) in deferred inflows	2,928	2,130	-	5,058
<b>Net cash provided (used) in operating activities</b>	<b><u>\$ 752,019</u></b>	<b><u>688,995</u></b>	<b><u>7,956</u></b>	<b><u>1,448,971</u></b>

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

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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.

**Transportation SSD** - The City's Transportation 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.

**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 changes in net position report information on all of 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 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, 2016

**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**  
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**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.

*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, and Net Position 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.

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.



Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
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**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**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, 2016, the City reported \$102,783 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 position.

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.

**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.

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-6. Capital Assets (continued)**

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:

<b>Assets</b>	<b>Years</b>
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.

**1-E-8. Compensated Absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The liability for these compensated absences is recorded as long-term debt in the governmentwide statements. The current portion is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as incurred.

**1-E-9. 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.

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**1-E-10. 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.

**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.

**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.

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**1-E. Assets, Liabilities, and Net Position or Equity (continued)**

**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.

**1-E-12. 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 as 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 reports deferred inflows of resources for cemetery sales, as well as deferred inflows of resources related to pensions as required by GASB 68.

**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 25% 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.

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**NOTE 3 - DETAILED NOTES**

**3-A. Deposits and investments**

Cash and investments as of June 30, 2016 consist of the following:

	<u>Fair Value</u>
Cash on hand	
Demand deposits - checking	1,192,770
State Treasurer's Investment Pool	3,571,742
<b>Total cash</b>	<b>\$ 4,764,512</b>

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

Cash and cash equivalents (current)	\$ 757,666
Restricted cash and cash equivalents (non-current)	4,006,847
<b>Total cash and cash equivalents</b>	<b>\$ 4,764,512</b>

Cash equivalents and investments are carried at fair value in accordance with GASB Statement No. 31.

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.

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-A. Deposits and investments (continued)**

**Fair value of investments**

The City measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows: Level 1--Quoted prices for identical investments in active markets; Level 2--Observable inputs other than quoted market prices; and, Level 3--Unobservable inputs. At June 30, 2016, the City had \$3,571,742 invested in the PTIF, which uses a Level 1 fair value measurement.

**Deposit and Investment Risk**

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

**Interest rate risk**

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

**Credit risk**

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, 2016, \$1,081,327 of the City's demand deposits of \$1,331,326 were uninsured.

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 Fund	Water Fund	Sewer Fund	Storm Drain Fund	Total
Intergovernmental	\$ 113,319	34,691	-	-	-	148,010
Installments	2,612	-	1,500	-	-	4,112
Customers	66,116	-	243,043	143,949	2,894	456,003
<b>Total receivables</b>	<b>\$ 182,047</b>	<b>34,691</b>	<b>244,543</b>	<b>143,949</b>	<b>2,894</b>	<b>608,125</b>
Allowance for uncollectibles	(21,287)	-	(62,844)	(37,221)	(748)	(122,100)
<b>Net receivables</b>	<b>\$ 160,760</b>	<b>34,691</b>	<b>181,699</b>	<b>106,728</b>	<b>2,146</b>	<b>486,025</b>

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-C. Capital Assets**

Capital asset activity for the governmental activities was as follows:

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land and rights	\$ 934,165	59,977	-	994,142
Infrastructure	10,625,988	592,096	-	11,218,084
Construction in progress	300,128	2,180,239	-	2,480,367
<b>Total capital assets, not being depreciated</b>	<b><u>11,860,280</u></b>	<b><u>2,832,312</u></b>	<b><u>-</u></b>	<b><u>14,692,592</u></b>
Capital assets, being depreciated:				
Buildings	4,344,790	-	-	4,344,790
Improvements other than buildings	849,287	-	-	849,287
Machinery and equipment	3,739,226	208,724	-	3,947,950
<b>Total capital assets, being depreciated</b>	<b><u>8,933,303</u></b>	<b><u>208,724</u></b>	<b><u>-</u></b>	<b><u>9,142,028</u></b>
Less accumulated depreciation for:				
Buildings	1,566,967	156,252	-	1,723,219
Improvements other than buildings	65,466	42,464	-	107,930
Machinery and equipment	2,900,899	260,241	-	3,161,141
<b>Total accumulated depreciation</b>	<b><u>4,533,332</u></b>	<b><u>458,958</u></b>	<b><u>-</u></b>	<b><u>4,992,290</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>4,399,971</u></b>	<b><u>(250,233)</u></b>	<b><u>-</u></b>	<b><u>4,149,738</u></b>
<b>Governmental activities capital assets, net</b>	<b><u>\$ 16,260,251</u></b>	<b><u>2,582,079</u></b>	<b><u>-</u></b>	<b><u>18,842,330</u></b>

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

<b>Governmental activities:</b>	
General government	\$ 28,218
Public safety	261,435
Highways and public improvements	43,520
Parks, recreation and public property	122,787
Cemetery	2,998
<b>Total</b>	<b><u>\$ 458,958</u></b>



Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-C. Capital assets (continued)**

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

	Beginning Balance	Additions	Retirements	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land and water shares	\$ 659,180	-	-	659,180
	-	-	-	-
<b>Total capital assets, not being depreciated</b>	<b><u>659,180</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>659,180</u></b>
Capital assets, being depreciated:				
Buildings and improvements	275,389	-	-	275,389
Water distribution system	18,889,344	-	-	18,889,344
Sewer collection/treatment system	28,245,087	-	-	28,245,087
Machinery and equipment	491,989	-	-	491,989
<b>Total capital assets, being depreciated</b>	<b><u>47,901,809</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>47,901,809</u></b>
Less accumulated depreciation for:				
Buildings and improvements	241,204	2,564	-	243,768
Water distribution system	8,178,190	847,320	-	9,025,510
Sewer collection/treatment system	8,001,770	1,161,468	-	9,163,238
Machinery and equipment	486,994	1,480	-	488,474
<b>Total accumulated depreciation</b>	<b><u>16,908,158</u></b>	<b><u>2,012,831</u></b>	<b><u>-</u></b>	<b><u>18,920,990</u></b>
<b>Total capital assets being depreciated, net</b>	<b><u>30,993,651</u></b>	<b><u>(2,012,831)</u></b>	<b><u>-</u></b>	<b><u>28,980,819</u></b>
<b>Business-type activities capital assets, net</b>	<b><u>\$ 31,652,831</u></b>	<b><u>(2,012,831)</u></b>	<b><u>-</u></b>	<b><u>29,640,000</u></b>

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

<b>Business-type activities:</b>	
Water	\$ 847,320
Sewer	<u>1,165,512</u>
<b>Total</b>	<b><u>\$ 2,012,831</u></b>



Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-D. Long-term debt**

	Original Principal	% Rate	6/30/2015	Additions	Reductions	6/30/2016	Due Within One Year
<b>Governmental activities:</b>							
2006 Ambulance Lease Matures 1/15/2016	\$ 64,000	4.355	\$ 6,100	-	6,100	-	-
2006 Fire Truck Lease Matures 1/15/2016	250,000	4.355	23,858	-	23,858	-	-
2005 Sales Tax Revenue (General) Matures 2/15/2016	1,300,000	4.25	156,000	-	156,000	-	-
2010 Dump Truck Lease Matures 5/10/2016	125,000	3.73	33,894	-	33,894	-	-
2012 (3) Piece Equipment Lease Matures 5/10/2016	111,770	2.91	46,640	-	46,640	-	-
2012 EQUIPMENT LEASE (EMS) Matures 5/10/2016	167,136	-	66,855	-	66,855	-	-
2013 (4) Piece Equipment Lease Matures 9/12/2017	152,000	2.05	93,044	-	30,387	62,657	31,010
2014 Equipment Lease Purchase Matures 12/15/2018	60,859	2.03	43,233	-	12,042	31,191	12,288
2014 (7) Piece of Equipment Lease Matures 6/17/2019	220,781	2.22	153,076	-	67,977	85,099	69,494
2015 Equipment Lease Matures 10/16/2020	197,009	2.40	-	197,009	29,594	167,416	60,257
2015 Pierce Saber Pumper Fire Truck Matures 6/24/2024	446,032	3.82	408,570	-	38,893	369,677	40,378
2015 Lease Revenue Matures 7/1/2035	2,500,000	4.17	-	2,500,000	-	2,500,000	82,000
<b>Total governmental activity long-term liabilities</b>			<b><u>\$1,031,270</u></b>	<b><u>2,697,009</u></b>	<b><u>512,240</u></b>	<b><u>3,216,040</u></b>	<b><u>295,427</u></b>

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

	Principal	Interest	Total
2017	\$ 295,428	123,682	419,110
2018	240,534	115,114	355,648
2019	181,634	107,318	288,952
2020	145,201	101,163	246,364
2021	147,482	95,306	242,788
2022 - 2026	699,761	384,746	1,084,507
2027 - 2031	675,000	245,967	920,967
2032 - 2035	831,000	89,467	920,467
<b>Total</b>	<b><u>\$3,216,039</u></b>	<b><u>1,262,764</u></b>	<b><u>4,478,804</u></b>

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**3-D. Long-term debt (continued)**

	Original Principal	% Rate	6/30/2015	Additions	Reductions	6/30/2016	Due Within One Year
<b>Business-type activities:</b>							
1993B Sewer Bond Matures 6/30/2016	\$ 1,307,000	-	\$ 66,000	-	66,000	-	-
1993A Sewer Bond Matures 6/30/2020	1,000,000	-	373,000	-	33,000	340,000	34,000
2012 Sewer Revenue Refunding Matures 6/1/2021	670,000	2.52	570,000	-	36,000	534,000	102,000
2012 P.I. Revenue Refunding Matures 9/1/2026	6,130,000	2.52	5,199,000	-	345,000	4,854,000	354,000
2011A-1 Sewer Revenue Bond Matures 1/1/2031	6,034,000	0.01	5,403,000	-	320,000	5,083,000	324,000
2011B Sewer Revenue Bond Matures 1/1/2033	900,000	1.00	900,000	-	-	900,000	-
2011A-2 Sewer Revenue Matures 2/15/2052	2,912,000	3.00	2,816,674	-	42,939	2,773,735	44,245
<b>Total business-type activity long-term liabilities</b>			<b><u>\$15,327,674</u></b>	<b><u>-</u></b>	<b><u>842,939</u></b>	<b><u>14,484,735</u></b>	<b><u>858,245</u></b>

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

	Principal	Interest	Total
2017	\$ 858,245	273,754	1,131,999
2018	900,591	257,249	1,157,840
2019	920,978	239,970	1,160,947
2020	949,406	222,139	1,171,546
2021	968,879	203,757	1,172,635
2022 - 2026	4,529,094	757,485	5,286,579
2027 - 2031	2,651,231	416,512	3,067,743
2032 - 2036	1,126,501	277,149	1,403,650
2037 - 2041	428,057	206,203	634,260
2042 - 2046	497,238	137,022	634,260
2047 - 2052	654,517	57,469	711,985
<b>Total</b>	<b><u>\$14,484,735</u></b>	<b><u>3,048,709</u></b>	<b><u>17,533,444</u></b>

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**3-D. Long-term debt (continued)**

**Capital Lease Requirements:**

The City acquired the following assets through capital leases. Amortization of assets under capital lease are included in depreciation expense. As of June 30, 2016 the net book values are as follows:

	Governmental Activities
Machinery and equipment	\$ 1,098,922
Less accumulated depreciation	(400,381)
Net book value	\$ 698,541

Amortization of capital assets purchased under capital leases is included in depreciation.

The following is the present value of future minimum capital lease payments under these leases as of June 30, 2016:

<u>Fiscal Year</u>	
2017	\$ 233,934
2018	170,941
2019	104,522
2020	61,728
2021	58,114
2022-2024	163,500
Total minimum lease payments	792,739
Less amounts representing interest	(76,700)
Present value of minimum lease payments	\$ 716,039

**Compensated absences**

Governmental	\$ 362,488
Business-type	137,280
Total	\$ 499,768

**3-E. Interfund transactions and balances**

The City had the following inter-fund transactions for year ended June 30, 2016:

**Operating Transfers**

	Transfers in	Transfers out
General fund	\$ 1,314,531	1,100,690
Capital projects fund	733,117	6,800
Public safety impact fees fund	101,315	-
Transportation Impact fee fund	109,000	44,907
Senior citizens fund	23,565	-
Water fund	133,009	987,468
Sewer fund	200,000	463,821
Storm drain fund	-	10,851
<b>Total</b>	<b>\$ 2,614,537</b>	<b>2,614,537</b>

Santaquin City Corporation  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**3-E. Interfund transactions and balances (continued)**

**Due to / Due from**

	Due to	Due from
General fund	\$ 1,333,936	-
Public safety impact fees fund	-	124,391
Water fund	327,776	-
Sewer fund	-	1,534,427
Storm drain fund	-	2,894
<b>Total</b>	<b>\$ 1,661,712</b>	<b>1,661,712</b>

**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 December 14, 2016, the date the financial statements were available to be issued.

Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**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:

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;

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](http://www.urs.org).

Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4-D. Pension Plans (continued)**

**Benefits provided:**

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

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

\* with actuarial reductions

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

**Contributions:**

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

Contribution rates are as follows:

Utah Retirement Systems	Employee Paid	Paid by Employer for Employee	Employer Contribution Rate	Employer Rate for 401(k) Plan
Contributory System				
111 - Local Government Div - Tier 2	N/A	N/A	16.67	1.78
Noncontributory System				
15 - Local Government Div - Tier 1	N/A	N/A	18.47	N/A
Public Safety System				
Contributory				
122 - Tier 2 DB Hybrid Public Safety	N/A	N/A	22.50	1.33
Noncontributory				
43 - Other Div A with 2.5% COLA	N/A	N/A	34.04	N/A
Tier 2 DC Only				
211 - Local Government	N/A	N/A	6.69	10.00
222 - Public Safety	N/A	N/A	11.83	12.00

Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016

**4-D. Pension Plans (continued)**

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, 2016, the employer and employee contributions to the Systems were as follows:

<b>System</b>	Employer Contributions	Employee Contributions
Noncontributory System	\$ 181,090	N/A
Public Safety System	181,090	-
Tier 2 Public Employees System	28,092	-
Tier 2 DC Only System	11,135	N/A
Tier 2 DC Public Safety and Firefighter System	5,056	N/A
<b>Total Contributions</b>	<b>\$ 406,463</b>	<b>-</b>

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.

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

At June 30, 2016, we reported a net pension asset of \$63 and a net pension liability of \$1,307,946.

	Proportionate Share	Net Pension Asset	Net Pension Liability
Noncontributory System	0.1196808%	\$ -	677,212
Public Safety System	0.0035212%	-	630,734
Tier 2 Public Employees System	0.0286768%	63	-
<b>Total</b>		<b>\$ 63</b>	<b>1,307,946</b>

The net pension asset and liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2015 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, 2016, we recognize pension expense of \$363,894.

Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-D. Pension Plans (continued)**

At June 30, 2016, we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 96,337
Changes in assumptions	-	80,310
Net difference between projected and actual earnings on pension plan investments	431,731	-
Changes in proportion and differences between contributions and proportionate share of contributions	81,187	-
Contributions subsequent to the measurement date	204,341	-
<b>Total</b>	<b>\$ 717,259</b>	<b>\$ 176,647</b>

\$204,341 was reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2015. These contributions will be recognized as a reduction of the net pension liability in the upcoming fiscal year.

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

<u>Year Ended December 31,</u>	Net Deferred Outflows (Inflows) of Resources
2016	\$ 71,671
2017	71,671
2018	89,193
2019	104,720
2020	(180)
Thereafter	(808)

**Actuarial assumptions:**

The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 Percent
Salary increases	3.50 - 10.50 percent, average, including inflation
Investment rate of return	7.50 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from actual experience and mortality tables, based on gender, occupation and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2015, valuation were based on the results of an actuarial experience study for the five year period ending December, 31, 2013.



Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-D. Pension Plans (continued)**

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.

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

<b>Assets class</b>	<b>Expected Return Arithmetic Basis</b>		
	Target Asset Allocation	Real Return Arithmetic Basis	Long Term expected portfolio real rate of return
Equity securities	40%	7.06%	2.82%
Debt securities	20%	0.80%	0.16%
Real assets	13%	5.10%	0.66%
Private equity	9%	11.30%	1.02%
Absolute return	18%	3.15%	0.57%
Cash and cash equivalents	0%	0.00%	0.00%
<b>Totals</b>	<b>100.00%</b>		<b>5.23%</b>
	Inflation		2.75%
	Expected arithmetic nominal return		7.98%

The 7.50% assumed investment rate of return is comprised of an inflation rate of 2.75%, a real return of 4.75% that is net of investment expense.

**Discount rate:**

The discount rate used to measure the total pension liability was 7.50 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. There was no change in the discount rate from the prior measurement date.

Santaquin City  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016

**4-D. Pension Plans (continued)**

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

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate:

<b>System</b>	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Noncontributory System	\$ 1,430,882	677,212	48,049
Public Safety System	1,335,628	630,734	56,820
Tier 2 Public Employees System	11,480	(63)	(8,811)
<b>Total</b>	<b>\$ 2,777,990</b>	<b>1,307,883</b>	<b>96,058</b>

**Pension plan fiduciary net position:**

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

**Defined Contribution Savings Plan:**

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

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

Employee and employer contributions to the Utah Retirement Contribution Savings Plans for fiscal year ended June 30, 2016, were as follows:

	2016	2015	2014
401(k) Plan			
Employer Contributions	\$ 25,220	12,817	27,647
Employee Contributions	23,317	22,199	18,231
457 Plan			
Employer Contributions	-	-	-
Employee Contributions	16,514	13,013	13,215
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	3,900	3,900	3,900

**REQUIRED SUPPLEMENTARY INFORMATION**  
**(Unaudited)**

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Santaquin City Corporation  
**Notes to Required Supplementary Information**  
For the Year Ended June 30, 2016

**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**

Budgets for the General Fund are legally required and are 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 unassigned fund balance at the end of each year.

**Current Year Excess of Expenditures over Appropriations**

For the year ended June 30, 2016, expenditures within each department were under the budgeted amounts.

**Changes in Assumptions Related to Pensions**

Regarding the Schedule of the Proportionate Share of the Net Pension Liability and the Schedule of Contributions presented in this section, the following assumption changes were adopted from the most recent actuarial experience study:

There was a decrease in the wage inflation assumption for all employee groups from 3.75% to 3.50%. Also there was a modification to the rate of salary increases for most groups. The payroll growth assumption was decrease from 3.5% to 3.25%. There was an improvement in the post retirement mortality assumption for female educators and minor adjustments to the pre retirement mortality assumption.

There were additional changes to certain demographic assumptions that generally resulted in: (1) more members are anticipated to terminate employment prior to retirement, (2) slightly fewer members are expected to become disabled, and (3) members are expected to retire at a slightly later age.

Santaquin City Corporation  
**SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND**  
**(Unaudited)**  
 For the Year Ended June 30, 2016

	Budgeted Original	Budgeted Final	Actual	Variance with Final Budget
<b>Revenues</b>				
Taxes	\$ 2,358,500	2,410,500	2,366,210	(44,290)
Licenses and permits	410,400	470,400	527,625	57,225
Intergovernmental revenues	480,964	482,889	480,410	(2,479)
Charges for services	1,382,145	1,460,675	1,166,178	(294,497)
Fines and forfeitures	221,000	221,000	224,854	3,854
Interest	5,000	5,000	12,004	7,004
Miscellaneous revenue	95,450	162,342	82,424	(79,919)
<b>Total revenues</b>	<b><u>4,953,459</u></b>	<b><u>5,212,806</u></b>	<b><u>4,859,705</u></b>	<b><u>(353,101)</u></b>
<b>Expenditures</b>				
General government	1,157,575	1,243,235	1,221,567	21,668
Public safety	1,776,301	1,890,559	1,850,306	40,253
Highways and public improvements	966,576	986,336	889,909	96,427
Sanitation	405,500	394,573	389,633	4,940
Parks, recreation and public property	795,626	807,408	767,878	39,530
Cemetery	78,023	64,356	58,462	5,894
Debt service:				
Interest	-	52,375	52,375	-
<b>Total expenditures</b>	<b><u>5,179,601</u></b>	<b><u>5,438,843</u></b>	<b><u>5,230,130</u></b>	<b><u>208,713</u></b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b><u>(226,142)</u></b>	<b><u>(226,037)</u></b>	<b><u>(370,425)</u></b>	<b><u>(144,388)</u></b>
<b>Other Financing Sources and (Uses)</b>				
Transfers in	1,274,179	1,314,021	1,314,532	511
Transfers (out)	(1,050,037)	(1,100,180)	(1,100,691)	(511)
<b>Total Other Financing Sources and (Uses)</b>	<b><u>224,142</u></b>	<b><u>213,841</u></b>	<b><u>213,841</u></b>	<b><u>-</u></b>
<b>Net Change in Fund Balances</b>	<b><u>(2,000)</u></b>	<b><u>(12,196)</u></b>	<b><u>(156,584)</u></b>	<b><u>(144,388)</u></b>
Fund Balances - beginning of year	1,050,255	1,050,255	1,050,255	-
<b>Fund Balances - end of year</b>	<b><u><u>\$ 1,058,255</u></u></b>	<b><u><u>1,038,059</u></u></b>	<b><u><u>893,672</u></u></b>	<b><u><u>(144,388)</u></u></b>

Santaquin City  
**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
 June 30, 2016  
 Last 10 Fiscal Years\*

	2015	2014
<b>Noncontributory Retirement System</b>		
Proportion of the net pension liability (asset)	0.1196808%	0.1283310%
Proportionate share of the net pension liability (asset)	\$ 677,212	\$ 489,948
Covered employee payroll	\$ 996,660	\$ 972,290
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	67.95%	50.40%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	90.20%
<b>Public Safety System</b>		
Proportion of the net pension liability (asset)	0.3521190%	0.3020041%
Proportionate share of the net pension liability (asset)	\$ 630,734	\$ 379,795
Covered employee payroll	\$ 517,969	\$ 465,866
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	121.77%	81.50%
Plan fiduciary net position as a percentage of the total pension liability	87.10%	90.50%
<b>Tier 2 Public Employees Retirement System</b>		
Proportion of the net pension liability (asset)	0.0286768%	0.0322847%
Proportionate share of the net pension liability (asset)	\$ (63)	\$ (978)
Covered employee payroll	\$ 185,255	\$ 158,571
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-0.03%	-0.60%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	103.50%

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

Santaquin City  
**SCHEDULE OF CONTRIBUTIONS**  
 June 30, 2016  
 Last 10 Fiscal Years\*

	As of fiscal year ended June 30,	Actuarial Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered employee payroll	Contributions as a percentage of covered employee payroll
<b>Noncontributory Retirement System</b>	2014	\$ 164,203	\$ 164,203	\$ -	\$1,023,584	16.04%
	2015	169,108	169,108	-	962,322	17.57%
	2016	181,090	181,090	-	1,026,610	17.64%
<b>Public Safety System</b>	2014	124,019	124,019	-	485,468	25.55%
	2015	169,097	169,097	-	504,698	33.50%
	2016	181,090	181,090	-	539,194	33.59%
<b>Tier 2 Public Employees System</b>	2014	18,434	18,434	-	128,289	14.37%
	2015	35,488	35,488	-	224,115	15.83%
	2016	28,092	28,092	-	188,410	14.91%
<b>Tier 2 Public Safety and Firefighter System</b>	2014	2,280	2,280	-	10,934	20.85%
	2015	-	-	-	-	0.00%
	2016	-	-	-	-	0.00%
<b>Tier 2 Public Employees DC Only System</b>	2014	-	-	-	-	0.00%
	2015	2,579	2,579	-	38,374	6.72%
	2016	11,135	11,135	-	166,441	6.69%
<b>Tier 2 Public Safety and Firefighter DC Only System</b>	2014	1,456	1,456	-	16,095	9.05%
	2015	4,840	4,840	-	41,400	11.69%
	2016	5,056	5,056	-	43,519	11.62%

\* Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. The 10-year schedule will need to be built prospectively. The schedule above is only for the past 3 years.

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



Santaquin City  
**MODIFIED APPROACH FOR INFRASTRUCTURE REPORTING**  
 June 30, 2016

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.

<b>Category</b>	<b>Range</b>	<b>Description</b>
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, 2016

**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 chip sealed on a rotating basis, with all new city streets done in a given year, and the rotation started every four to five years. The whole city had roads chip sealed 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:

<b>Rating</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
Fair or Better	73%	70%	70%	70%	65%
Poor - Very Poor	27%	30%	30%	30%	35%

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.

<b>Fiscal Year</b>	<b>Estimated Spending</b>	<b>Actual Spending</b>
2016	610,392	650,000
2015	525,223	515,703
2014	519,127	517,777
2013	491,000	490,799
2012	462,765	462,130

## NONMAJOR GOVERNMENTAL FUNDS

### SPECIAL REVENUE FUNDS

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

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 **Transportation Special Service Distric Fund** accounts for the activities of the Transportation SSD.

Santaquin City Corporation  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
June 30, 2016

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees	Transportation Special Service District	Total Nonmajor Governmental Funds
<b>ASSETS</b>						
Restricted cash and cash equivalents	\$ 8,019	854,475	134,164	57,811	136,403	1,190,871
<b>TOTAL ASSETS</b>	<b><u>8,019</u></b>	<b><u>854,475</u></b>	<b><u>134,164</u></b>	<b><u>57,811</u></b>	<b><u>136,403</u></b>	<b><u>1,190,871</u></b>
<b>LIABILITIES</b>						
Accounts payable	\$ 42	-	-	-	-	42
Due to other funds	-	-	124,391	-	-	124,391
<b>TOTAL LIABILITIES</b>	<b><u>42</u></b>	<b><u>-</u></b>	<b><u>124,391</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>124,433</u></b>
<b>FUND BALANCES:</b>						
Restricted for:						
Impact fees and grants	-	854,475	9,772	57,811	-	922,058
Transportation SSD	-	-	-	-	136,403	136,403
Committed for:						
Senior citizens	7,977	-	-	-	-	7,977
<b>TOTAL FUND BALANCES</b>	<b><u>7,977</u></b>	<b><u>854,475</u></b>	<b><u>9,772</u></b>	<b><u>57,811</u></b>	<b><u>136,403</u></b>	<b><u>1,066,437</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b><u><u>\$ 8,019</u></u></b>	<b><u><u>854,475</u></u></b>	<b><u><u>134,164</u></u></b>	<b><u><u>57,811</u></u></b>	<b><u><u>136,403</u></u></b>	<b><u><u>1,190,871</u></u></b>

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

Santaquin City Corporation  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 For the Year Ended June 30, 2016

	Senior Citizens	Park Impact Fees	Public Safety Impact Fees	Transportation Impact Fees	Transportation Special Service District	Total Nonmajor Governmental Funds
<b>REVENUES:</b>						
Intergovernmental	\$ -	5,403	-	-	495,598	501,001
Charges for services	15,417	-	-	-	-	15,417
Miscellaneous revenue	1,040	-	-	-	-	1,040
<b>Total revenues</b>	<b><u>16,457</u></b>	<b><u>5,403</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>495,598</u></b>	<b><u>517,458</u></b>
<b>EXPENDITURES:</b>						
Highways and public improvements	-	-	-	102,328	610,412	712,740
Parks, recreation and public property	39,871	115,525	-	-	-	155,396
Capital outlay	-	-	-	-	-	-
Debt service:						
Principal	-	-	156,000	-	-	156,000
Interest	-	-	3,315	-	-	3,315
<b>Total expenditures</b>	<b><u>39,871</u></b>	<b><u>115,525</u></b>	<b><u>159,315</u></b>	<b><u>102,328</u></b>	<b><u>610,412</u></b>	<b><u>1,027,451</u></b>
<b>Excess (Deficiency) of Revenues over (Under) Expenditures</b>	<b><u>(23,414)</u></b>	<b><u>(110,122)</u></b>	<b><u>(159,315)</u></b>	<b><u>(102,328)</u></b>	<b><u>(114,814)</u></b>	<b><u>(509,993)</u></b>
<b>Other Financing Sources and (Uses):</b>						
Impact fees	-	369,000	64,299	94,950	-	528,248
Transfers in	23,565	-	101,315	109,000	-	233,880
Transfers out	-	-	-	(44,907)	-	(44,907)
<b>Total other financing sources and (uses)</b>	<b><u>23,565</u></b>	<b><u>369,000</u></b>	<b><u>165,614</u></b>	<b><u>159,043</u></b>	<b><u>-</u></b>	<b><u>717,221</u></b>
<b>Net Change in Fund Balances</b>	<b>151</b>	<b>258,878</b>	<b>6,299</b>	<b>56,715</b>	<b>(114,814)</b>	<b>207,228</b>
Fund balances - beginning of year	7,826	595,597	3,474	1,096	251,217	859,209
<b>Fund balances - end of year</b>	<b><u>\$ 7,977</u></b>	<b><u>854,475</u></b>	<b><u>9,772</u></b>	<b><u>57,811</u></b>	<b><u>136,403</u></b>	<b><u>1,066,437</u></b>

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City, Utah (herein referred to as the “City”), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements and have issued our report thereon dated December 14, 2016.

### **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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

### **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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Larson & Company, PC".

Larson & Company, PC

Spanish Fork, Utah  
December 14, 2016





INDEPENDENT AUDITOR’S REPORT AS REQUIRED BY THE STATE  
COMPLIANCE AUDIT GUIDE ON COMPLIANCE WITH GENERAL STATE COMPLIANCE  
REQUIREMENTS AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance with General State Compliance Requirements

We have audited the City of Santaquin, Utah’s (herein referred to as the “City”) compliance with the applicable general state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, that could have a direct and material effect on the City for year ended June 30, 2016.

General state compliance requirements were tested for the year ended June 30, 2016 in the following areas:

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

Management’s Responsibility

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

Auditor’s Responsibility

Our responsibility is to express an opinion on the City’s compliance based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*. Those standards and the *State Compliance Audit Guide* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the City occurred. An audit includes examining, on a test basis, evidence about City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on General State Compliance Requirements

In our opinion, the City of Santaquin, Utah, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the City for the year ended June 30, 2016.

## Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the *State Compliance Audit Guide* and which are described in the accompanying management letter as item SC-2016.1. Our opinion on compliance is not modified with respect to these matters.

The City's response to the noncompliance finding identified in our audit is described in the accompanying management letter. The City's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

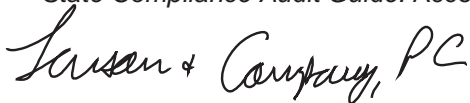
## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In Planning and performing our audit of compliance, we considered the City's internal control over compliance with the compliance requirements that could have a direct and material effect on the City to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance with general state compliance requirements and to test and report on internal control over compliance in accordance with the *State Compliance Audit Guide*, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal controls and compliance and the results of that testing based on the requirements of the *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.



Larson & Company, PC

Spanish Fork, Utah  
December 14, 2016

**CITY OF SANTAQUIN, UTAH  
COMMUNICATION WITH THOSE CHARGED WITH  
GOVERNANCE  
(MANAGEMENT LETTER)  
JUNE 30, 2016**

**CITY OF SANTAQUIN, UTAH  
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YEAR ENDED JUNE 30, 2016**

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

Mayor and Council Members:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Santaquin City for the year ended June 30, 2016. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and The Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated October 10, 2016. Professional standards also require that we communicate to you the following information related to our audit.

#### Significant Audit Findings

##### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Santaquin City are described in Note 1 to the financial statements. GASB Statement 72: Fair Value Measurement and Application was adopted by the City this period. The application of existing policies was not changed during 2016. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's 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 significantly from those expected

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

##### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

##### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

##### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 14, 2016.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

We applied certain limited procedures to the management's discussion and analysis, budgetary comparison information, and the supplement on the Modified Approach for Infrastructure Reporting, which are required supplementary information (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.

We were engaged to report on the combining statements of nonmajor funds, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

*Restriction on Use*

This information is intended solely for the use of Santaquin City, management of Santaquin City, and other various Federal and State funding and auditing agencies and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



Larson & Company, PC

Spanish Fork, Utah  
December 14, 2016

## SCHEDULE OF FINDINGS

### Internal Control Finding(s) – Current Year

#### **No Internal Control Findings Noted in Current Period**

### Other Compliance Finding(s) – Current Year

#### **OC-2016.1 Bond Compliance**

**Finding:**

It was noted that the City is not in compliance with the 120% revenue requirement in regards to the outstanding sewer bonds.

**Recommendation:**

We recommend that the City increase revenue to the sewer fund, or decrease expenditures in order to be in compliance with stated bond requirements.

**Client Response:**

The City understands that they are not in compliance with bond requirements and the consequences of non-compliance. They are in the process of finding a way to increase revenue or decrease expenditures to bring them into compliance.

### State Compliance Finding(s) – Current Year

#### **SC-2016.1 – Treasurer’s Bond:**

**Finding:**

Municipalities are required to have the Treasurer properly bonded in accordance with Utah Administrative Code R628-4-4 for the Money Management Council. Treasurer’s Bond must be for an amount determined by the state, which is a percentage of the prior year’s budgeted revenue. As a result of position changes at the City, the previous bond had lapsed and a new bond had not been obtained in the new individual’s name. This was an oversight during the transition, resulting in no coverage for a period of time during the year.

**Recommendation:**

We recommend that the City apply for a bond that covers all budgeted gross revenue for the previous fiscal year (final budget). Budgeted gross revenue is further defined by the Money Management Council as also including proceeds from the sale of assets, borrowing proceeds, revenues of fiduciary funds and any other revenues collected or handled by the treasurer during the previous fiscal year.

**Client Response:**

Procedure was over looked during staff changes but has been corrected as of the date of this report. A new bond was obtained in the name of the Treasurer during October 2016.

Status of Internal Control Finding(s) – Prior Year

**No Internal Control Findings Noted in Prior Period**

Status of State Compliance Findings – Prior Year

**SC-2015.1 – Budgetary Compliance:**

**Finding:**

Officers and employees of the entity shall not incur expenditures or encumbrances in excess of the total appropriation for any department or fund. We noted that the Transportation Impact Fund expenses went over budget by \$10,196. The public safety department and highways and public improvement department in the General Fund were also in excess of budgets by \$30,452, and \$3,150 respectively.

**Recommendation:**

We recommend that the City maintain expenditures within approved amounts and make budgetary amendments as necessary.

**Status of Finding:**

This appears to have been addressed and corrected in the current period.



**City of Santaquin**

Utah County, Utah

**REPORT ON BOND COMPLIANCE**

For the Year Ended June 30, 2016

**CITY OF SANTAQUIN, UTAH**  
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June 30, 2016

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Water and Sewer Rates	6



## 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, 2016, and have issued our report thereon dated December 14, 2016.

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

Our review revealed the following areas of nonconformance with the requirements of the bonds:

- The rates for the sewer fund are insufficient to meet the 120% net revenue test of the bond requirements (see page 2).

Based on our review, we are not aware of any areas of nonconformance other than those noted above.

A handwritten signature in black ink that reads "Larson &amp; Company, PC". The signature is written in a cursive, flowing style.

Larson & Company, PC

Spanish Fork, Utah  
December 14, 2016

**CITY OF SANTAQUIN, UTAH**  
**Net Revenue Bond Requirement – Sewer Fund**  
Year Ended June 30, 2016

Operating Income		\$ (486,885)
Interest Income		8,707
Operating Expense Not Requiring Funds:		
Depreciation		<u>1,165,512</u>
Net Revenues		687,334
Debt Service - 2016 Fiscal Year		
Principal	\$ (497,939)	
Interest	<u>(161,307)</u>	
Total	<u>(659,246)</u>	
Required 120%		<u>(791,095)</u>
Net Revenues In Excess		<u><u>\$ (103,761)</u></u>

**CITY OF SANTAQUIN, UTAH**  
**Net Revenue Bond Requirement – Water Fund**  
Year Ended June 30, 2016

Operating Income		\$ (122,452)
Interest Income		6,713
Operating Expense Not Requiring Funds:		
Depreciation		<u>847,320</u>
Net Revenues		731,581
Debt Service - 2016 Fiscal Year		
Principal	(345,000)	
Interest	<u>(131,143)</u>	
Total	<u>(476,143)</u>	
Required 125%		<u>(595,179)</u>
Net Revenues In Excess		<u><u>\$ 136,402</u></u>

**CITY OF SANTAQUIN, UTAH**

**Insurance Coverage**

Year Ended June 30, 2016

<u>COMPANY</u>	<u>COVERAGE AMOUNT</u>	<u>COVERAGE</u>	<u>EXPIRATION DATE</u>
Utah Local Governments' Trust	\$ 2,000,000	General Liability, Bodily Injury, Personal Injury, Property Damage, Public Officials, Errors and Omissions	6/30/2016
Utah Local Governments' Trust	\$ 2,000,000	Automotive Liability, Automotive Bodily Injury, and Property Damage	6/30/2016
Utah Local Governments' Trust	\$ 80,000	Uninsured Motorist	6/30/2016
Utah Local Governments' Trust	\$ 80,000	Underinsured Motorist	6/30/2016

**CITY OF SANTAQUIN, UTAH**  
**Water and Sewer Connection Fees,**  
**Connections, and Billings**  
Year Ended June 30, 2016

**CONNECTION FEES**

Water connection fees per connection are as follows:

3/4" meter	\$300.00
1" meter	400.00
1 1/2" meter	670.00
2" meter	770.00

Sewer connection fees are \$250.00 per connection.

Pressurized irrigation connection fees are \$250.00 per connection.

**CONNECTIONS**

Currently the City services 3,200 water connections and 3,111 sewer connections, and 3,106 pressurized irrigation connections.

**BILLINGS**

For the year ended June 30, 2016, the total water billings were \$1,564,145 and the total sewer billings were \$1,433,594.

**CITY OF SANTAQUIN, UTAH**

**Water and Sewer Rates**

Year Ended June 30, 2016

**SEWER**

The base rate for sewer service shall be \$38.44 per unit per month.

An additional charge of \$0.75 per 1,000 gallons will be assessed as determined by the customer's winter water usage.

**WATER**

Base Rate	\$ 19.27
0 to 4,000 gallons	\$ 0.54 per 1,000 gallons
4,001 to 8,000 gallons	\$ 0.80 per 1,000 gallons
8,001 to 12,000 gallons	\$ 1.07 per 1,000 gallons
12,001 + gallons	\$ 1.98 per 1,000 gallons

**PRESSURIZED IRRIGATION**

Base Rate	\$ 14.57 1"
	\$ 21.99 1.5" or larger

An additional charge of \$0.69 per 1,000 gallons is assessed based on usage.