



Financial Statements
June 30, 2023

Wasatch County School District

Independent Auditor’s Report.....	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Government-Wide Financial Statements.....	13
Statement of Net Position	14
Statement of Activities	16
Fund Financial Statements.....	17
Balance Sheet - Governmental Funds.....	18
Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.....	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities.....	21
Notes to Financial Statements	23
Required Supplementary Information	
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	50
Schedule of the Proportionate Share of the Net Pension Liability.....	51
Schedule of Contributions	52
Notes to Required Supplementary Information.....	53
Supplementary Information	
Budget to Actual Comparisons	55
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Major Capital Projects Fund.....	55
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual - Major Debt Service Fund.....	56
Nonmajor Special Revenue Funds	57
Combining Balance Sheet – Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	58
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Food Services – Nonmajor Special Revenue Fund.....	59
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Foundation – Nonmajor Special Revenue Fund	60
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - Student Activities – Nonmajor Special Revenue Fund	61
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Tax Increment– Nonmajor Special Revenue Fund.....	62



CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Education
Wasatch County School District
Heber City, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Wasatch County School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2023 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budget to actual comparisons and 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the budget to actual comparisons and the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on November 30, 2023, our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

The signature is written in a cursive, handwritten style. It reads "Eide Sully LLP". The letters are dark and fluidly connected.

Salt Lake City, Utah
November 30, 2023

Management's Discussion and Analysis

The following discussion and analysis of the Wasatch County School District's (the District) financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2023.

Financial Highlights

Net position – The District's net position, as shown in the entity-wide statement of net position, exceeded liabilities by \$140,739,272 for the fiscal year ended June 30, 2023, as compared to the balance of \$120,522,064 at the end of June 30, 2022. This was an increase in net position of \$20,217,208 from the prior year. This amount represents total assets and deferred outflows less total liabilities and deferred inflows.

Fund balance – The District experienced an increase in its General fund balance from \$21,342,203 at June 30, 2022, to \$25,420,714 at June 30, 2023, an increase of \$4,078,511. This was accomplished by a diligent effort to control costs and limit spending to essential elements, as well as a sustained effort by the Board of Education to secure taxation levels that ensure adequate funding for the District, as stated in the Board's Strategic Plan adopted on July 17, 2003. This represents a significant effort on the part of the District to maintain fiscal accountability.

Revenue changes – In an effort to provide students and families with as much flexibility as possible during the COVID-19 pandemic years of 2020-22, the school board expanded online instruction options offered by the District. This allowed parents to choose for their students a full-time, in-person instructional experience, a full-time online instructional experience, or a hybrid experience of core classes taught in-person and elective courses taught online. The District partnered with Harmony Education to provide the curriculum and support services for those students who were enrolled online. Students from outside the boundaries of Wasatch County School District were also allowed to participate in this online, virtual learning experience called the Wasatch Learning Academy (WLA). Approximately 1,470 students were enrolled in the WLA for the 2022-23 school year, up from the previous year's total of roughly 1,350.

State revenues totaled \$37,634,201 for fiscal year 2023 as compared to \$41,787,588 for fiscal year 2022. This decrease results from decreased funding associated with the change in value of property assessed in the county and the funding of the basic school program statewide. The weighted pupil unit, or WPU, is the mechanism used by the State of Utah to equalize specific revenues among all the school districts in Utah. State revenues represented 26.44% of total revenues for fiscal year 2023 as compared to 32.44% for fiscal year 2022. Local revenues totaled \$96,121,312, or 67.54% of total revenue, for fiscal year 2023 as compared to \$77,505,289, or 60.18% of total revenue, for fiscal year 2022. Federal revenues totaled \$8,562,236 for fiscal year 2023 as compared to \$9,489,973 for fiscal year 2022. The District is pursuing all available Federal funds. Federal revenues were 6.02% of total revenues for fiscal year 2023 as compared to 7.37% for fiscal year 2022. Total revenues for the year ended June 30, 2023 were \$142,317,749 as compared to \$128,782,850 for fiscal year 2022.

Other issues – In an ongoing effort to provide students with the most current and effective educational opportunities, the District has completed a digital conversion implementation. This implementation consisted of the following critical components that were phased in throughout the District: digital interactive curriculum, job embedded professional development, 1:1 devices for all students, and digital-friendly classrooms. As a result of this conversion process, available funds were used to purchase devices for grades K through 12 and added technology and curriculum support personnel. 1:1 devices have now been made available to each student in grades K through 12.

The District continues to evaluate opportunities to acquire future school sites to be used as additional schools are required. The District in April of 2023 began the construction of a second high school on the West side of Heber City on 100 South. The start of the construction has been a multi-year process in which the district has analyzed the need for a school, gone through the bonding process and the selection of a contractor. The building is anticipated to be completed in April 2026 for the FY 26-27 school year.

Salaries and benefits continue to be the primary expenditure in the General fund. The Board of Education has made a concerted effort to retain and attract the best teachers possible by negotiating higher wages and providing a complete and comprehensive insurance benefit in order to remain competitive with the other districts in Utah. It has been a multi-year process to remain competitive and continues to be a top priority for the District. This effort has required the Board of Education to increase local tax proceeds.

In the General fund, salaries and benefits totaled 87.67% of the total expenditures for fiscal year 2023. Salary expenses increased 11.77% during fiscal year 2023 as compared to fiscal year 2022. Employee benefits costs increased 20.20% during the same time period. Benefits costs totaled 55.76% of salaries expenses for fiscal year 2023, as compared to 52.00% for fiscal year 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The statement of net position presents information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 District is improving or deteriorating.

The statement of activities presents information showing how the net position of the District changed during the fiscal year. All changes in net position are reported using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The government-wide financial statements can be found on pages 14-17.

Fund financial statements – A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate financial compliance with legal requirements. The fund financial statements provide detailed information about the most significant funds, not the District as a whole.

Governmental funds – All of the District's day-to-day operations are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's General government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

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 governmental 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 governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General fund, the Debt Service fund, and the Capital Projects fund, all of which are considered to be major funds. Data from the other four governmental funds (Student Activities, Food Services, Tax Increment, and the Wasatch County School District Foundation) are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The District adopts an annual appropriated budget for its General fund. A budgetary comparison statement has been provided for the General fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18 to 22.

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 to 48.

Other information – The combining statements referred to earlier in connection with non-major governmental funds are presented following the notes to the financial statements. Combined and individual fund statements and schedules can be found on pages 49 to 62. Required supplementary information, including but not limited to general fund budget to actual, schedule of proportionate share of the net pension liability, schedule of contributions, further explains and supports the financial statements by including a comparison of the District's budget data for the year. Required supplementary information can be found on pages 49 to 53.

Government-Wide Financial Analysis

Net position may serve over time as a useful indicator of a government's financial position. The District had a total net position of \$140,739,272 on June 30, 2023, and \$120,522,064 on June 30, 2022. The District has noncurrent liabilities comprised principally of outstanding bonded debt of \$248,159,847 on June 30, 2023, and \$74,459,589 on June 30, 2022. In addition, the noncurrent liabilities include early retirement termination benefits due to former District employees. Capital assets are used to provide services to students in the form of school buildings, buses, computers, furniture, etc. Consequently, these assets are not available for future spending needs. Due to the adoption of GASB Statement No. 68 and GASB Statement No. 71, the District's unrestricted net position was \$15,425,014 on June 30, 2023, compared to \$11,284,162 as of June 30, 2022.

An additional portion of the District's net position, \$176,636,754, represents resources subject to external restrictions on their use. These restrictions relate to reserves in the debt service fund, the capital projects fund, the school lunch fund, and the education foundation fund. Most of the restricted net position relates to bonding for the new high school under construction. The following is a summary of the net position as of June 30, 2023, and 2022:

Net Position (Governmental Activities)

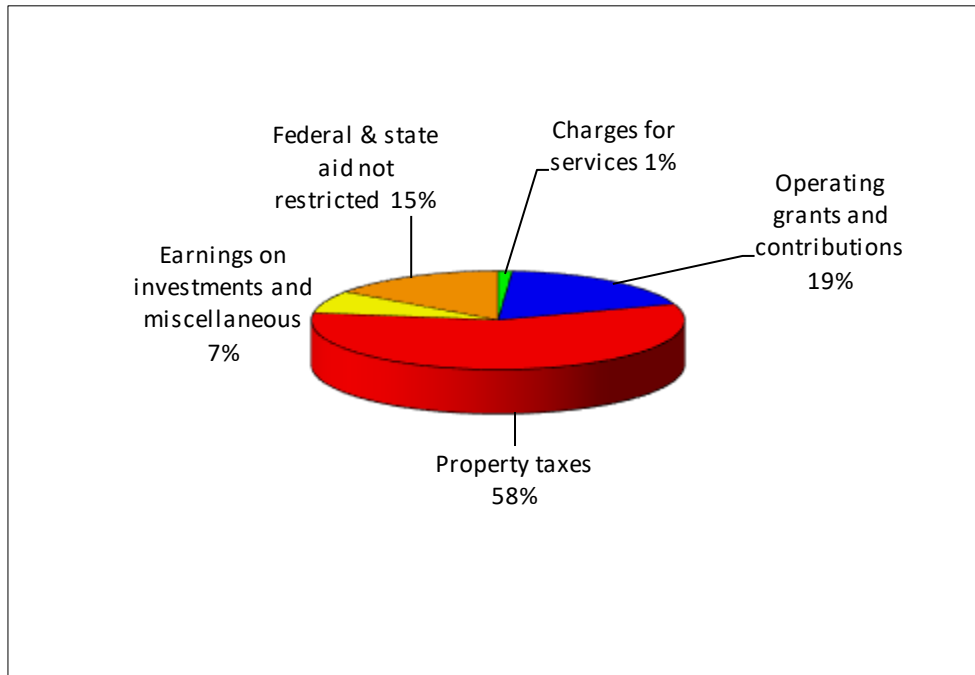
	2023	2022
Current and other assets	\$ 312,214,395	\$ 132,253,854
Capital assets	170,411,602	164,394,815
Total assets	482,625,997	296,648,669
Deferred outflows of resources	17,855,919	14,861,519
Long-term liabilities outstanding	248,159,847	74,459,589
Other liabilities	14,425,970	10,040,476
Total liabilities	262,585,817	84,500,065
Deferred inflows of resources	97,156,827	106,488,059
Net position:		
Invested in capital assets, net of related debt	(51,322,496)	90,833,374
Restricted	176,636,754	18,404,528
Unrestricted	15,425,014	11,284,162
Total net position	\$ 140,739,272	\$ 120,522,064

Governmental Activities

Net position increased by \$20,217,208 during fiscal year 2023. The following summarizes the year's revenues, expenses, and change in net position for the years ended June 30, 2023, and 2022:

	2023	2022
Revenues:		
Program revenues:		
Charges for services	\$ 1,764,342	\$ 720,789
Operating grants and contributions	26,300,252	25,435,149
General revenues:		
Property taxes	81,991,569	71,854,458
Federal and state aid not restricted to specific purposes	21,732,736	26,176,969
Earnings on investments	2,128,279	229,452
Loss on sale of assets	(24,553)	(1,045,544)
Miscellaneous	8,425,124	5,411,577
Total revenues	142,317,749	128,782,850
Expenses:		
Instructional services	82,521,472	67,023,931
Supporting services:		
Students and instructional staff	5,357,570	4,150,861
General administration	5,998,955	5,044,912
School administration	4,858,176	3,985,295
Operation and maintenance of facilities	7,074,709	6,298,045
Transportation	853,184	2,558,903
School lunch services	4,209,118	4,103,522
Non-instructional services	541,055	433,644
Community services	400,056	470,616
Interest on long-term liabilities	10,286,246	2,122,207
Total expenses	122,100,541	96,191,936
Increase in net position	20,217,208	32,590,914
Net position – beginning	120,522,064	87,931,150
Net position – ending	\$ 140,739,272	\$ 120,522,064

Revenues by Source - Governmental Activities



Financial Analysis of the District's Funds

Governmental funds – The focus of the District's governmental funds is to provide information on how money flows into and out of the funds and to show balances left at year-end available for spending. Under Utah law, it is illegal to budget for an undesignated fund balance. This is in alignment with the concept that the revenues provided to a District are intended to be used during the period for which they were generated. That is to say that at the beginning of a fiscal year, undesignated fund balance is budgeted to be \$0. If over the course of the year, the difference between budgeted and actual revenues and expenditures leaves an unspent balance, that unspent balance must be budgeted to be used in normal operations during the next fiscal year so as to prevent a District from accumulating excess funds.

Fund balances may (and in some cases must) be reserved or designated and carried over to the next year for specific purposes. As those specific purposes are part of next year's budget and are identified as specific reservations and/or designations of fund balances, they are not available for appropriation. Fund balances for the capital projects and other governmental funds are restricted by State law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

Utah law allows for an undistributed reserve fund balance not to exceed 5% of the General fund budget.

Total fund balances in the governmental funds were \$202,057,468 as of June 30, 2023, and \$39,746,732 as of June 30, 2022.

General fund – The General fund is the primary operating fund of the District. The total fund balance in the General fund was \$25,420,714 as of June 30, 2023, compared to \$21,342,203 as of June 30, 2022. The total committed fund balance in the General fund was \$2,670,508 and the remaining \$22,750,206 was unassigned.

General Fund Budgetary Highlights

The Board of Education revised the 2022-23 General Fund Budget at the end of the year. Budget amendments reflect changes in programs and related funding. The fund balance increased by \$4,078,511 from \$21,342,203 at June 30, 2022, to \$25,420,714 at June 30, 2023.

Final budgeted revenues were \$98,625,030 and actual revenues were \$99,873,307. The actual revenue figures reflected increases in local, state, and federal revenues.

Final actual expenditures were \$110,298 above the original adopted budget. Final revenues were \$1,248,277 more than had been anticipated in the original adopted budget.

Capital Asset and Debt Administration

Capital Assets – The capital projects fund accounts for the costs incurred for acquiring and improving sites, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

The following chart summarizes Capital Assets (Net of Depreciation) at June 30, 2023 and 2022:

Capital Assets (Net of Depreciation)

	2023	2022
Land	\$ 20,266,883	\$ 19,313,592
Construction in progress	6,373,611	-
Buildings and improvements	137,152,291	139,890,183
Right-of-use assets	3,386,098	-
Vehicles	2,050,677	2,150,882
Equipment	1,182,042	3,040,158
Total capital assets, net of depreciation	\$ 170,411,602	\$ 164,394,815

Additional information on the District's capital assets can be found in Note 4 to the basic financial statements.

Debt Administration – The District has debt relating to general obligation bonds and early retirement termination benefits payable to former District employees. In addition to the general obligation bonds outstanding the District has a lease revenue bond for the construction of a new high school.

Total debt reductions during the year included regularly scheduled payments of \$16,395,000 in principal retirement on existing bonds and \$13,475,000 in refunding of principal on existing bonds. In an effort to reduce interest costs on outstanding bonds, the District issued \$13,640,000 in refunding bonds in September 2022 at a true interest cost (TIC) of 2.71%. The District also issued \$150,000,000 in new debt obligations in September 2022. Early retirement termination benefits to former District employees increased during the year by \$22,359.

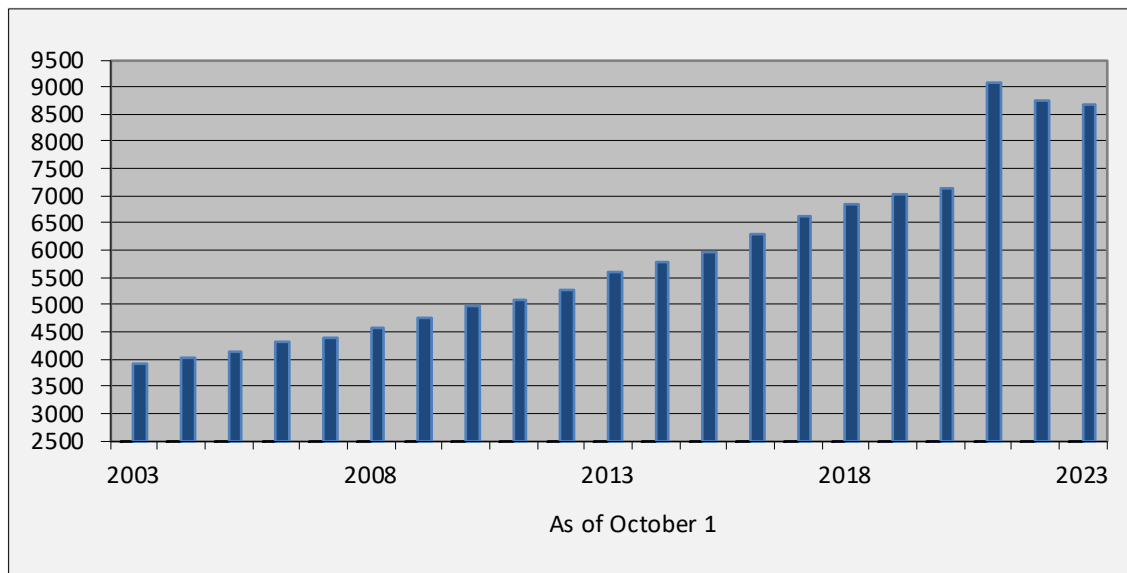
The general obligation bonded debt is limited by Utah law to 4% of the fair market value of the total taxable property. The unused legal debt capacity at June 30, 2023 was \$587,297,896.

Student Enrollment

Student enrollment for students living within the District's boundaries steadily increased from 1990 through 2021, with a slight decrease thereafter as a result of the COVID-19 pandemic. The County has experienced growth due to its favorable living environment and general economic growth. Wasatch County has repeatedly been named one of the fastest-growing counties in the United States. As a result, property values have increased significantly as new people have moved in. New businesses have located to the area which has attracted new residents. Also, because of the close proximity of Park City, and the Salt Lake and Provo Valleys to the County, other people have moved into the area but continue to work outside the County's boundaries and commute to their jobs.

The District constructed Wasatch High School in 2009. Construction on an additional high school along 100 South in Heber began in April of 2023. The current Wasatch High School is one of the largest 5A High School's in the state and continues to see increased enrollment. Daniels Canyon Elementary and Timpanogos Middle School were completed and ready for occupancy in August 2022. Student enrollment is anticipated to increase in the future. The District will continue to deal with the increases as necessary to ensure that its students receive the best educational opportunities available.

Student Enrollment History, 2003 Through 2023



Requests for Information

This financial report is designed to provide our citizens, taxpayers, students and all other interested parties with a general overview of the District's finances and to show accountability for tax dollars. If you have questions about this report or need additional financial information, contact the Business Administrator, Wasatch County School District, 101 East 200 North, Heber City, UT 84032.



Government-Wide Financial Statements
June 30, 2023

Wasatch County School District

Wasatch County School District
Statement of Net Position
June 30, 2023

	Governmental Activities
Assets	
Current assets	
Cash and investments	\$ 49,611,197
Restricted cash and investments	159,264,261
Receivables	
State	729,277
Federal	4,465,627
Property taxes	98,016,940
Inventories	127,091
Capital assets	
Land and construction in progress	26,640,494
Other capital assets, net of depreciation	143,771,108
Total assets	482,625,995
Deferred Outflows of Resources	
Deferred charge on refunding	326,717
Pension plans	17,529,202
Total deferred outflows of resources	17,855,919
Liabilities	
Current liabilities	
Accounts payable	3,318,838
Accrued interest	1,346,311
Accrued salaries and other payables	9,643,092
Unearned revenue	117,728
Noncurrent liabilities	
Net pension liability	25,505,240
Due within one year - bond payable, premium, early retirement, lease obligation	14,721,448
Due in more than one year - bond payable, premium, early retirement, lease obligation	207,933,158
Total liabilities	262,585,815.00
Deferred Inflows of Resources	
Unavailable property tax revenue	97,077,268
Pension plans	79,559
Total deferred inflows of resources	97,156,827

Wasatch County School District
Statement of Net Position
June 30, 2023

Net Position	
Net investment in capital assets	(51,322,496)
Restricted for	
Food services	1,118,818
Capital projects	173,488,436
Foundation	1,844,734
Debt service	184,766
Unrestricted	<u>15,425,014</u>
Total net position	<u>\$ 140,739,272</u>

Wasatch County School District
Statement of Activities
Year Ended June 30, 2023

<u>Functions</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Governmental activities				
Instructional services	\$ 82,521,472	\$ 508,304	\$ 21,739,369	\$ (60,273,799)
Supporting services:				
Student and instructional staff	5,357,570	-	-	(5,357,570)
General administration	5,998,955	-	-	(5,998,955)
School administration	4,858,176	-	-	(4,858,176)
Operation and maintenance of plant	7,074,709	-	-	(7,074,709)
Student transportation	853,184	-	1,567,521	714,337
School lunch services	4,209,118	976,829	2,993,362	(238,927)
Non-instructional services	541,055	279,209	-	(261,846)
Community services	400,056	-	-	(400,056)
Interest on long-term liabilities	10,286,246	-	-	(10,286,246)
 Total school district	 <u>122,100,541</u>	 <u>1,764,342</u>	 <u>26,300,252</u>	 <u>(94,035,947)</u>
General revenues				
Property taxes levied for:				
General purposes				54,955,034
Capital outlay				13,987,823
Debt service				13,048,712
Federal and state aid not restricted to specific purposes				21,732,736
Earnings on investments				2,128,279
Loss from sale of assets				(24,553)
Miscellaneous				8,425,124
 Total general revenues				 <u>114,253,155</u>
Change in net position				20,217,208
Net position - beginning				<u>120,522,064</u>
Net position - ending				<u><u>\$ 140,739,272</u></u>



Fund Financial Statements
June 30, 2023

Wasatch County School District

Wasatch County School District
Balance Sheet – Governmental Funds
June 30, 2023

	General	Debt Service	Capital Projects	Non Major Governmental Funds	Total Governmental Funds
Assets					
Cash and investments	\$ 29,714,587	\$ 34,486	\$ 15,764,605	\$ 4,097,519	\$ 49,611,197
Restricted cash and investments	-	-	159,264,261	-	159,264,261
Receivables					
State	725,050	-	-	4,227	729,277
Federal	4,440,869	-	-	24,758	4,465,627
Property taxes	63,958,204	3,956,829	29,585,424	516,483	98,016,940
Inventories	-	-	-	127,092	127,092
Total assets	\$ 98,838,710	\$ 3,991,315	\$ 204,614,290	\$ 4,770,079	\$ 312,214,394
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 662,380	\$ -	\$ 1,701,525	\$ 954,933	\$ 3,318,838
Accrued liabilities	9,425,710	-	-	217,382	9,643,092
Unearned revenue	-	-	-	117,728	117,728
Total liabilities	10,088,090	-	1,701,525	1,290,043	13,079,658
Deferred Inflows of Resources					
Unavailable property tax revenue	63,329,906	3,806,550	29,424,329	516,483	97,077,268
Fund Balances					
Nonspendable					
Inventories	-	-	-	127,092	127,092
Restricted					
Building construction	-	-	173,488,436	-	173,488,436
Debt service	-	184,765	-	-	184,765
Committed					
Food services	-	-	-	991,727	991,727
Employee obligations	920,508	-	-	-	920,508
Foundation	-	-	-	1,844,734	1,844,734
Undistributed reserve	1,750,000	-	-	-	1,750,000
Unassigned	22,750,206	-	-	-	22,750,206
Total fund balances	25,420,714	184,765	173,488,436	2,963,553	202,057,468
Total Liabilities and Fund Balances	\$ 98,838,710	\$ 3,991,315	\$ 204,614,290	\$ 4,770,079	\$ 312,214,394

Wasatch County School District
Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Position
June 30, 2023

Total fund balance - governmental funds \$ 202,057,468

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

	\$ 247,443,333	
Costs of capital assets		
Accumulated depreciation	(77,031,731)	170,411,602

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. (1,346,311)

Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.

	\$ 17,529,202	
Deferred outflows of resources		
Deferred inflows of resources	(79,559)	17,449,643

Long-term liabilities, including bonds payable, lease obligations, net pension liability and early retirement, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net position. Balances at year-end are:

	\$ (217,615,158)	
General obligation and lease revenue bonds		
Deferred amounts on refunding	326,716	
Lease obligation	(4,118,940)	
Net pension liability	(25,505,240)	
Early retirement compensation	(920,508)	(247,833,130)

Total net position - governmental activities \$ 140,739,272

Wasatch County School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2023

	General	Debt Service	Capital Projects	Non Major Governmental Funds	Total Governmental Funds
Revenues					
Local sources					
Taxes	\$ 54,554,978	\$ 13,048,712	\$ 13,987,823	\$ 400,056	\$ 81,991,569
Interest	2,128,249	-	5,374,381	-	7,502,630
Other	1,017,180	-	-	5,609,933	6,627,113
State sources	35,813,580	-	1,283,023	537,598	37,634,201
Federal sources	6,359,320	-	-	2,202,916	8,562,236
Total revenues	99,873,307	13,048,712	20,645,227	8,750,503	142,317,749
Expenditures					
Instructional services	70,832,457	-	6,043,863	4,312,938	81,189,258
Support services					
Student and instructional staff	5,307,675	-	-	-	5,307,675
General administration	5,864,680	-	161,463	-	6,026,143
School administration	4,729,406	-	-	-	4,729,406
Operation and maintenance of plant	5,892,302	-	593,648	-	6,485,950
Student transportation	2,622,354	-	175,654	-	2,798,008
School lunch services	-	-	-	3,796,176	3,796,176
Non-instructional services	545,922	-	-	-	545,922
Community services	-	-	-	400,056	400,056
Facilities acquisition and construction	-	-	9,490,962	-	9,490,962
Debt service					
Principal retirement	-	14,187,657	15,682,343	-	29,870,000
Lease principal	-	-	4,530,698	-	4,530,698
Interest and fiscal charges	-	2,312,343	4,463,421	-	6,775,764
Total expenditures	95,794,796	16,500,000	41,142,052	8,509,170	161,946,018
Excess (Deficiency) of Revenues Over (Under) Expenditures	4,078,511	(3,451,288)	(20,496,825)	241,333	(19,628,269)
Other Financing Sources					
Lease obligations	-	-	3,694,648	-	3,694,648
Bond proceeds	-	-	178,196,288	-	178,196,288
Other	-	-	-	48,069	48,069
Total other financing sources	-	-	181,890,936	48,069	181,939,005
Net Change in Fund Balances	4,078,511	(3,451,288)	161,394,111	289,402	162,310,736
Beginning Fund Balances	21,342,203	3,636,054	12,094,325	2,674,150	39,746,732
Ending Fund Balances	<u>\$ 25,420,714</u>	<u>\$ 184,766</u>	<u>\$ 173,488,436</u>	<u>\$ 2,963,552</u>	<u>\$ 202,057,468</u>

Wasatch County School District
 Reconciliation of the Statement of Revenues, Expenditures, and
 Changes in Fund Balances – Governmental Funds
 to the Statement of Activities
 Year Ended June 30, 2023

Net change in fund balances-total governmental funds \$ 162,310,736

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 an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays	\$ 13,618,804	
Loss on disposal of capital assets	(24,553)	
Depreciation expense	<u>(7,577,464)</u>	6,016,787

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Net pension expense	<u>705,422</u>	705,422
---------------------	----------------	---------

The governmental funds report bond proceeds and lease acquisitions as an other financing source, while repayment of bond principal and lease payments are reported as expenditures. In the statement of net position, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. Also, bond issuance costs are reported in the debt service fund in the fund financial statements, but are reported in the general government expenses on the governmental funds statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Acquisition of leases	(3,694,648)	
Lease obligation payments	2,264,698	
Repayment/refunding of bond principal	29,870,000	
Bond refunding proceeds	(13,640,000)	
Interest expense - general obligation bonds	(548,748)	
Lease revenue bond proceeds	(150,000,000)	
Bond (premium) discount	(14,556,288)	
Deferred charge - refunding	(71,973)	
Amortization of bond premium	<u>1,583,581</u>	(148,793,378)

In the statement of activities, certain operating expenses -- special termination salary (early retirement) -- are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, early retirement salary payable decreased by the following:

Retirement salary payable	<u>(22,359)</u>	<u>(22,359)</u>
---------------------------	-----------------	-----------------

Change in net position of governmental activities \$ 20,217,208



Notes to Financial Statements
June 30, 2023
Wasatch County School District

Note 1 - Summary of Significant Accounting Principles

The accounting policies of Wasatch County School District (the District) are in compliance with accounting principles generally accepted in the United States of America applicable to governmental units in general and Utah school districts in particular. The following is a summary of the more significant policies:

Reporting Entity

The District is a legally separate, fiscally-independent government entity of the State of Utah with its own elected governing body.

The Board of Education (Board), comprised of five elected individuals, is the governing authority for the District. The Board establishes District policies, approves the budget, appoints a superintendent with responsibilities for administering all educational activities of the District, and appoints a business administrator/clerk-treasurer with responsibilities for fiscal matters. In addition, the Board is authorized to issue bonds, incur short-term debt, and levy ad valorem taxes. All funds, including financial activity over which the Board has governance, are included in the financial statements.

In evaluating how to define the government, for financial reporting purposes, the District has considered all potential component units. As required by accounting principles generally accepted in the United States of America, these financial statements include all the fund types of the District and the Wasatch County School District Foundation, a blended component unit, for which the District is considered to be financially accountable. The blended component unit as described below, although legally separate, is in substance, part of the District's operations. The District is not a component unit of any other government.

Blended Component Unit

The Wasatch County School District Foundation (the Foundation), a nonprofit organization under Internal Revenue Services (IRS) regulations, raises tax-deductible donations to be used for educational purposes within the District. The Foundation exclusively services the District. The Foundation's Board is comprised of 11 members, who serve a term of four years. The District's Board appoints all members. The Foundation is presented as a special revenue fund of the District. Financial information specific to the Foundation may be obtained by writing Wasatch County School District Foundation at 101 East 200 North, Heber City, UT 84032.

Government-Wide and Fund Financial Statements

The government-wide financial statements (statement of net position and statement of activities) display information about the reporting government as a whole. These statements include all the financial activities of the District. Generally, the effect of interfund activity has been removed from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items properly not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Government 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 in the current period. For this purpose, the District considers revenues are 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, expenditures related to compensated absences, early retirement, and early retirement healthcare benefits are recorded only when payment is due.

Property taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual because of legal and other requirements and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when the District receives cash.

The District reports the following major governmental funds:

- The *general fund* (maintenance and operation fund) is the primary operating fund of the District and accounts for all revenues and expenditures not designated to other funds.
- The *debt service fund* is used to account for funds accumulated for the retirement of general obligation principal, interest, and other related costs.
- The *capital projects fund* (capital outlay fund) is used to account for the acquisition, construction, and maintenance of capital facilities by the District.

The following are classified as non-major governmental funds:

- The non-major governmental funds are comprised of four separate special revenue funds. The Food Services Fund is deemed to be a special revenue fund as a result of substantial local, state, and federal subsidies. The Wasatch County School District Foundation is a blended component unit described above. The Student Activity Fund accounts for the receipt and disbursement of monies from student activity organizations. This accounting reflects the District's fiduciary responsibility with the student activity organizations. The Tax Increment Fund accounts for property tax revenue that is levied by Wasatch County School District but is collected by Wasatch County and remitted to the Utah State Board of Education who then distributes it to charter schools.

Budget Policies and Procedures

Budgets are presented on the modified accrual basis of accounting for all governmental funds. Budgets are legally required and have been adopted for all governmental fund types. However, budgets are not adopted on a district level for the Foundation and the Student Activity Fund. Unencumbered annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. The laws of the state govern budget policies. The following procedures are used in establishing the budgetary data reflected in the financial statements:

1. For the fiscal year beginning July 1, the business administrator and superintendent prepare a tentative budget which is presented to the Board by the superintendent on or before June 1. By resolution, the Board legally adopts the final budget prior to June 15, after a public hearing has been held.
2. Once adopted, the budget can be amended by subsequent Board action. Reductions in appropriations can be approved by the Board upon recommendation of the superintendent, but increased appropriations require a public hearing prior to amending the budget.
3. Interim adjustments of estimated revenues and appropriations, during fiscal year 2023, have been included in the final budget approved by the Board on June 20, 2023, as presented in the financial statements.
4. As determined by the state superintendent of public instruction, the level by which expenditures may not legally exceed appropriations is the total budget of a given fund.

Fund Balance Classification

The governmental fund financial statements present fund balances based on a hierarchy that shows, from highest to lowest, the level or form of constraints on fund balance resources and the extent to which the District is bound to honor them. The District first determines and reports nonspendable balances, then restricted, then committed, and so forth. Fund balance classifications are summarized as follows:

- **Nonspendable.** This category includes fund balance amounts that are comprised of funds that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. They include items that are inherently unspendable, such as, but

not limited to, inventories, prepaid items, long-term receivables, non-financial assets held for resale, or the permanent principal of endowment funds.

- **Restricted.** This category 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 other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - Unspent tax revenues for specific purposes (capital projects and debt service).
 - Remaining fund balances in the School Lunch Fund, if applicable.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board has approved to commit fund balance amounts for the following purposes:
 - As defined in Utah law as an "undistributed reserve", the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."
 - Resources held by schools in the other governmental funds.
 - Employee obligations related to the phase out of early retirement stipends.

- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District's administration comprised of superintendent, assistant superintendents, and business administrator as authorized by the Board.

- **Unassigned.** Residual balances in the General Fund are classified as unassigned.

Net Position Flow Assumption

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

Fund Balance Flow Assumption

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

Encumbrances

An encumbrance accounting system, in which purchase orders for the expenditure of funds are recorded to restrict that portion of the applicable appropriation, is used in all funds except the Foundation and the Student Activity Fund. Encumbrances outstanding at the end of the fiscal year are reported as a fund balance reserve. No encumbrances were outstanding at year-end.

Cash & Investments

Cash and investments are generally considered short-term, highly liquid investments with a maturity of three months or less from the purchase date.

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.

Restricted Cash & Investments

The restricted cash and investments are comprised of restricted deposits for specific program expenditures, unexpended bond proceeds, capital projects deposits, and debt services funds that are restricted for use on specifically identified programs, capital projects and debt service payments.

Receivables

All receivables are shown net of any allowance for uncollectible amounts. No allowances for uncollectible items have been recorded.

Prepays

Prepaid assets are generally accounted for using the consumption method.

Inventories

Inventories for the Food Services Fund are valued at cost, or if donated, at fair value when received. Inventories at June 30, 2023, consist of food items of \$127,092 which includes U.S. Department of Agriculture provided commodities of \$40,102 contributed by the federal government.

The commodities provided by the federal government are consumable inventories to support the District’s food service operations. These commodities are considered current financial resources and are recorded as revenue when received.

Inventory reported in the governmental funds is offset by a nonspendable fund balance, indicating that the inventories are not available for discretionary expenditure.

Capital Assets

Capital assets include both depreciable and non-depreciable assets and are reported in the government-wide financial statements. Non-depreciable assets include land and current construction in progress. Depreciable assets include buildings and improvements, vehicles, and equipment. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, vehicles and equipment and \$100,000 for buildings and improvements and land improvements. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Buildings and improvements, land improvements, vehicles, equipment, and software of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Modular units	20
Buses and vehicles	10-15
Office equipment/furniture	10
Computer equipment and software	3-5

The costs of normal maintenance or repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Right-to-use leased assets are recognized at the lease commencement date and represent the District’s right to use an underlying asset for the lease term. Right-to-use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to please the lease asset into service. Right-to-use leased assets are amortized over the shorter of the lease term or useful live of the underlying asset using the straight-line method. The amortization period varies from three to five years.

Deferred Outflows of Resources

Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of deferred charges on refunding and unrecognized items not yet charged to pension expense and contributions from the employer after the measurement date, but before the end of the employer's reporting period. They will be recognized as a reduction in the net pension liability in the upcoming fiscal year.

Deferred Inflows of Resources

A deferred inflow of resources is an acquisition to net position that applies to a future reporting period and therefore will be reported as an inflow/revenue in future years. The District reports unavailable revenue on its statement of net position and fund balance sheet. Unavailable revenues arise when property taxes for which the District has a legal claim have not yet been levied and are therefore not available for use. Unavailable revenue is recognized when the tax is collected and available for use. Upon recognition the deferred inflow for unavailable revenue is removed from the combined balance sheet and revenue is recognized on the statement of activities. The District also recognizes deferred inflows on the statement of net position that represent the unamortized portion of the net difference between projected and actual earnings on pension plan investments and other unrecognized items not yet credited to pension expense. These will be recognized as pension expense in the related fiscal years.

Unearned Revenue

The District reports unearned revenues on its statement of net position and fund balance sheet. Unearned revenues arise when resources are received by the District before it has legal claim to them, as when grant monies or commodities are received prior to the incurrence of qualifying expenditures. In subsequent periods, unearned revenue is recognized when the District has a legal claim to the resources because of the incurrence of qualifying expenditures. Upon recognition, the liability for unearned revenue is removed from the balance sheet and statement of net position and revenue is recognized on the statement of activities and statement of revenues, expenditures, and changes in fund balances.

Compensated Absences

Full time employees earn varying amounts of vacation and sick leave according to salary classification and years of employment. Vacation leave accrues at 10 to 15 days per year. The unused balance carries forward. Accrued unused vacation days are paid in full at termination or retirement at the then current pay rate. Sick leave accrues at up to 10 days per year. A maximum of up to 130 days may be accumulated. Ten dollars per day will be paid for accumulated sick leave at the time of retirement.

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts are deferred and amortized over the life of the related bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of unamortized bond premiums or discounts.

In the fund financial statements, governmental fund types recognize bond premiums and discounts and refunding costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

Leases

The District is a lessee for noncancellable leases of computers. The District recognizes lease liabilities and intangible right-to-use lease assets (lease assets) in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liabilities at the present value of payments expected to be made during the lease term. Subsequently, the lease liabilities are reduced by the principal portion of lease payments made. The lease assets are initially measured as the initial amount of the lease liabilities, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease assets are amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease terms include the noncancellable period of the leases. Lease payments included in the measurement of the lease liabilities are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease assets and liabilities if certain changes occur that are expected to significantly affect the amount of the lease liabilities

Lease assets are reported with capital assets and the lease liabilities is reported as a component of noncurrent liabilities on the statement of net position.

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 (URS) Pension Plan and additions to and deductions from URS's fiduciary net position, have been determined on the same basis 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.

Implementation of GASB Statement No. 96

As of July 1, 2022, the District adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*. The implementation of this standard establishes that a SBITA results in a right to use subscription IT asset-an intangible asset- and a corresponding liability. The standard provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA. The statement requires recognition of certain SBITA assets and liabilities for SBITAs that previously were recognized as outflows of resources based on the payment provisions of the contract. There were no material effect on assets, liabilities, revenues, expenditures, or net position as a result of implementing this standard.

Note 2 - Cash Deposits and Investments

Investments

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

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

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

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations; bankers' acceptances; obligations of the United States Treasury including bills, notes, and bonds; obligations, other than mortgage derivative products, issued by U.S. government sponsored enterprises (U.S. Agencies) such as the Federal Home Loan Bank System, Federal Home Loan Mortgage Corporation (Freddie Mac), and Federal National Mortgage Association (Fannie Mae); bonds, notes, and other evidence of indebtedness of political subdivisions of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "A" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund.

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Act (*Utah Code*, Title 51, Chapter 7).

The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- *Level 1*: Quoted prices for identical investments in active markets;
- *Level 2*: Observable inputs other than quoted market prices; and,
- *Level 3*: Unobservable inputs.

At June 30, 2023, the District had \$198,314,811 in the Utah State Public Treasurers' Investment Fund (PTIF). These investments were valued by applying the June 30, 2023 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the PTIF. Such valuation is considered a *Level 2* valuation for GASB Statement No. 72 purposes. The District also had \$1,315,489 in mutual funds which were considered level 1 investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the Act. Section 51-7-11 of the Act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The Act further limits the remaining term to maturity on all investments in commercial paper, bankers' acceptances, fixed rate negotiable deposits, and fixed rate corporate obligations to 270 days - 15 months or less. The Act further limits the remaining term to maturity on all investments in obligations of the United States Treasury; obligations issued by U.S. government sponsored enterprises; and bonds, notes, and other evidence of indebtedness of political subdivisions of the State of Utah to 5 years. In addition, variable rate negotiable deposits and variable rate securities may not have a remaining term to final maturity exceeding 3 years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to comply with the State's Money Management Act, as previously discussed.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. The District’s policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management Council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio. The District’s investments are diversified in such a manner that no individual investment represents more than 5% of the District’s total investments at June 30, 2023.

Custodial Credit Risk

For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits, investments, or collateral securities that are in the possession of an outside party. The District's policy for managing custodial credit risk is to adhere to the Act. The Act requires all deposits of the District to be in a qualified depository, defined as any financial institution whose deposits are insured by an agency of the federal government and which has been certified by the Commissioner of Financial Institutions as meeting the requirements of the Act and adhering to the rules of the Utah Money Management Council.

As of June 30, 2023, the District’s cash and cash equivalents and investments consisted of the following:

	Carrying Amount	Bank Deposit Balance
Cash and Cash Equivalents		
Insured	\$ 250,000	\$ 250,000
Uninsured	8,451,914	9,565,813
Total deposits	\$ 8,701,914	\$ 9,815,813
Restricted Cash		
Insured	\$ 250,000	\$ 250,000
Uninsured	159,014,261	159,014,262
Total deposits	\$ 159,264,261	\$ 159,264,262
Total cash and investments and restricted cash and investments	\$ 208,875,458	

	Rating	Fair Value	Investment Maturities
Investments			
PTIF	Unrated	\$ 39,593,794	Less than 1 year
Mutual Funds	Various	1,315,489	1 - 5 years
Total investments		\$ 40,909,283	

Note 3 - Property Taxes

The property tax revenues for Wasatch County School District are levied, collected, and distributed by Wasatch County as required by Utah state law. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess property as of January 1 and complete the tax rolls by May 15. As of January 1, a legally enforceable claim exists and in effect a lien is placed on the property. By July 22, the county treasurer is to mail notices of assessed value and tax changes to property owners. A taxpayer may then petition the county board of equalization between August 15 and August 29 for a revision of the assessed value. Approved changes in assessed value are made by the county auditor by November 1, who also delivers the completed assessment rolls to the county treasurer on that same date. Tax notices have a due date of November 30.

As of June 30, 2023, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2023 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected as the county treasurer may force the sale of the property to collect the delinquent portion. Only the portion of property taxes receivable that meets the revenue recognition criteria is reported as revenue in the financial statements. The remaining portion is reported as unavailable property tax revenue.

As of June 30, 2023, the District had accrued a property tax receivable of \$98,016,940. This accrual represents calendar year 2023 property taxes and is due to be collected by November 30, 2023, and any delinquent property taxes not yet received.

Note 4 - Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Additions	Deletions	Transfers	Ending Balance
Capital assets not being depreciated:					
Land	\$ 19,313,592	\$ 953,291	\$ -	\$ -	\$ 20,266,883
Construction in progress	-	6,373,611	-	-	6,373,611
Total capital assets, not being depreciated:	<u>19,313,592</u>	<u>7,326,902</u>	<u>-</u>	<u>-</u>	<u>26,640,494</u>
Capital assets being depreciated:					
Buildings and improvements	200,774,465	2,164,060	-	-	202,938,525
Right-of-use assets	2,591,070	3,694,648	-	-	6,285,718
Vehicles	6,257,905	245,554	(112,129)	-	6,391,330
Equipment	5,194,090	187,640	(194,464)	-	5,187,266
Total capital assets, being depreciated:	<u>214,817,530</u>	<u>6,291,902</u>	<u>(306,593)</u>	<u>-</u>	<u>220,802,839</u>
Accumulated depreciation for:					
Buildings and improvements	(60,884,282)	(4,901,952)	-	-	(65,786,234)
Right-of-use assets	(647,767)	(2,251,853)	-	-	(2,899,620)
Vehicles	(4,107,023)	(327,259)	93,629	-	(4,340,653)
Equipment	(4,097,235)	(96,400)	188,411	-	(4,005,224)
Total accumulated depreciation	<u>(69,736,307)</u>	<u>(7,577,464)</u>	<u>282,040</u>	<u>-</u>	<u>(77,031,731)</u>
Total capital assets, being depreciated, net	<u>145,081,223</u>	<u>(1,285,562)</u>	<u>(24,553)</u>	<u>-</u>	<u>143,771,108</u>
Governmental activities capital assets, net	<u>\$ 164,394,815</u>	<u>\$ 6,041,340</u>	<u>\$ (24,553)</u>	<u>\$ -</u>	<u>\$ 170,411,602</u>

Depreciation expense for the year ended June 30, 2023, was charged to functions of the District as follows:

Depreciation expense was charged to functions of the District as follows:

	2023
Governmental activities:	
Instructional services	\$ 5,987,712
Supporting services:	
Students and instructional staff	87,141
General administration	15,913
School administration	165,946
Operation and maintenance of plant	611,501
Student transportation	280,366
School lunch services	428,885
Total depreciation expense, governmental activities	\$ 7,577,464

Note 5 - Long Term Obligations

A summary of the changes in long-term obligations for the year ended June 30, 2023, is as follows:

	June 30, 2022	Additions	Reductions	June 30, 2023	Due Within One Year
Bonds payable					
General obligation bonds	\$ 67,090,000	\$ 13,640,000	\$ (29,870,000)	\$ 50,860,000	\$ 11,205,000
Lease revenue bonds	-	150,000,000	-	150,000,000	-
Net deferred amounts for issuance premium	3,782,451	14,556,288	(1,583,581)	16,755,158	1,583,581
Total bonds payable	70,872,451	178,196,288	(31,453,581)	217,615,158	12,788,581
Lease obligation	2,688,990	3,694,648	(2,264,698)	4,118,940	1,618,210
Early retirement compensation payable	898,148	396,639	(374,279)	920,508	314,657
Total liabilities on the statement of net position	\$ 74,459,589	\$ 182,287,575	\$ (34,092,558)	\$ 222,654,606	\$ 14,721,448

Bonds Payable

The District has issued general obligation school building bonds and lease revenue bonds for the acquisition of equipment and the construction of improvements to school buildings.

During the year ended June 30, 2016, the District issued \$57,000,000 in general obligation bonds. The true interest cost (TIC) of the issuance was 2.57%. The principal purpose of the bonds was for the building and furnishing of a new elementary school, a new middle level school, and a new aquatic center. The bonds sold with a premium of \$6,936,650 and the District incurred debt issuance costs of \$412,690. The final proceeds of \$63,523,960 were delivered to the District in March 2016. This issue fully matures in February 2036.

During the year ended June 30, 2017, the District refunded a portion of the general obligation bonds series 2008 through the issuance of general obligation bonds series 2017. The remaining balance of the defeased portion of the series 2008 bonds at June 30, 2023, was \$965,000. The defeased bonds mature in 2027.

During the year ended June 30, 2015, the District refunded series 2005 and 2007 bonds through series 2014 bonds. The 2005 defeased bonds matured during 2020. During the year ended June 30, 2023, the District refunded the 2007 defeased bonds through the issuance of general obligation bonds series 2022. The total economic loss recognized as a result of the refunding transaction was \$110,759. The refunding will result in a reduction of future cash paid for principal and interest of \$475,090. The remaining balance of the defeased portion of the series 2007 bonds at June 30, 2023 was \$0.

During the year ended June 30, 2023, the District issued general obligation school building bonds for the acquisition and construction of school buildings. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

During the year ended June 30, 2023, the District has issued \$150,000,000 in Lease Revenue Bonds at an interest rate of 5.0 percent. The principal purpose of the Series 2022 Bonds was to finance the acquisition of equipment and the construction of a new high school in the District. The issuance resulted in net proceeds of \$164,204,950 after premium of \$14,556,288 and \$351,388 cost of issuance. This issue fully matures June 1, 2054.

General obligation and lease revenue bonds outstanding at June 30, 2023, are as follows:

\$8,691,000 general obligation school bonds, issued June 28, 2017, due in annual installments of \$146,000 to \$1,015,000 through June 2027.	1.90%	\$ 965,000
\$57,000,000 general obligation school bonds, issued February 17, 2016, due in annual installments of \$1,885,000 to \$3,965,000 through February 2036.	3.0% to 5.00%	42,180,000
\$150,000,000 lease revenue bonds issued September 20, 2022, due in annual installments of \$5,940,000 to 9,405,000 through June 2054.	5.00%	150,000,000
\$13,640,000 general obligation school bonds refunding series issued September 2022, principal and interest due June 2024.	2.71%	<u>7,715,000</u>
Total		<u>\$ 200,860,000</u>

Future debt service requirements to maturity for general obligation and lease revenue bonds outstanding at June 30, 2023, are as follows:

Fiscal Year(s) Ended June 30,	Principal	Interest	Total
2024	\$ 11,205,000	\$ 9,766,189	\$ 20,971,189
2025	8,595,000	9,412,575	18,007,575
2026	5,045,000	8,982,825	14,027,825
2027	5,300,000	8,730,575	14,030,575
2028	5,510,000	8,524,075	14,034,075
2029 to 2033	31,240,000	38,911,175	70,151,175
2034 to 2054	<u>133,965,000</u>	<u>86,743,825</u>	<u>220,708,825</u>
Total	<u>\$ 200,860,000</u>	<u>\$ 171,071,239</u>	<u>\$ 371,931,239</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2023, was \$638,157,896. The general obligation debt at June 30, 2023, was \$50,860,000, resulting in a legal debt margin of \$587,297,896.

General obligation bonds are direct obligations and pledge the full faith and credit of taxpayers of the District under the provisions of the Local Government Bonding Act (*Utah Code* 11-14). In the event of District default on bond payments, the Local Government Bonding Act and the School District Bond Guaranty (*Utah Code* 53G-4) entitle bondholders to receive payment of amounts due on the bonds from the State of Utah. The ultimate liability for payment of the bonds remains with the District.

To reimburse the State for any payments made to the bondholders pursuant to the State’s guaranty, the State could compel the District to levy taxes, withhold state funding, draw on District resources that are legally available (such as unrestricted fund balances), and/or impose financial penalties on the District.

As of June 30, 2023, the District was in compliance with their debt covenants.

Lease Obligation – As of June 30, 2023, the District has three leases for computers with a cost basis of \$6,285,718 and accumulated depreciation of \$2,899,620.

The following is a summary of the future minimum lease payments under capital lease obligations:

Year Ended June 30,			
2024	\$	1,672,432	
2025		1,615,953	
2026		949,831	
Total minimum lease payments		4,238,216	
Less portion representing interest		(119,276)	
Present value of minimum lease payments	\$	4,118,940	

Early Retirement Compensation Payable – In addition to the retirement plans discussed in Note 6, the District provides an early retirement incentive program. Eligibility is restricted to teachers and administrators meeting minimum service and age requirements. Those qualifying under this program, who choose to retire early, may receive compensation for up to three consecutive years. At year-end, 21 retirees had a total of \$920,508 in compensation that is accrued of which \$314,657 was a current liability due within one year in the statement of net position.

Note 6 - Pension Plans

General Information About the Pension Plan

Plan Description: Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following pension trust funds:

Defined Benefit Plans

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

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

The Utah Retirement Systems (Systems) are established and governed by the respective sections of Title 49 of the Utah Code Annotated 1953, as amended. The Systems’ defined benefit plans are amended statutorily by the State Legislature. The Utah State Retirement Office Act in Title 49 provides for the administration of the Systems under the direction of the Utah State Retirement Board, whose members are appointed by the Governor. The Systems are fiduciary funds defined as pension (and other employee benefit) trust funds. URS is a component unit of the State of Utah. Title 49 of the Utah Code grants the authority to establish and amend the benefit terms.

URS issues a publicly available financial report that can be obtained by writing to the Utah Retirement Systems, 560 East 200 South, Salt Lake City, Utah, 84102 or by visiting the website: www.urs.org/general/publications.

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

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percentage per Year of Services	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%
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%

* Actuarial reductions are applied

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

Contribution Rate Summary

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

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

	Employee	Employer	Employer 401(k)
Contributory System			
112 - State and School Division			
Tier 2	N/A	19.84%	0.18%
Noncontributory System			
16 - State and School Division			
Tier 1	N/A	22.19%	1.50%
Tier 2 DC Only			
212 - State and School	N/A	10.02%	10.00%

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

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

System	Employer Contributions	Employee Contributions
Noncontributory System	\$ 6,254,812	\$ -
Tier 2 Public Employees System	3,911,784	-
Tier 2 DC Only System	435,250	-
Total Contributions	\$ 10,601,846	\$ -

Contributions reported are the URS Board approved required contributions by System. Contributions in the Tier 2 Systems are used to finance the unfunded liabilities in the Tier 1 Systems.

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

At June 30, 2023, the net pension asset and liability reported by District were as follows:

	(Measurement Date): December, 31, 2022				
	Net Pension Asset	Net Pension Liability	Proportionate Share	Proportionate Share 12/31/2021	Change Increase (Decrease)
Noncontributory System	\$ -	\$ 24,603,088	1.1394142%	1.0943990%	0.0450152%
Tier 2 Public Employees System	-	902,152	0.8285035%	0.7988608%	0.0296427%
	\$ -	\$ 25,505,240			

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

For the year ended June 30, 2023, the District recognized pension benefit expense of \$9,885,042.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,587,456	\$ 35,794
Changes in assumptions	1,700,687	2,295
Net difference between projected and actual earnings on pension plan investments	4,591,766	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,297,008	41,470
Contributions subsequent to the measurement date	5,352,285	-
Total	\$ 17,529,202	\$ 79,559

\$5,352,285 reported as deferred outflows of resources related to pensions results from contributions made by the District prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2023	\$ 1,201,204
2024	1,243,244
2025	1,944,100
2026	7,318,890
2027	79,471
Thereafter	310,449

Noncontributory System Pension Expense and Deferred Outflows and Inflows of Resources

For the year ended June 30, 2023, the District recognized pension expense of \$8,154,462.

At June 30, 2023, the District reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,282,742	\$ -
Change in assumptions	1,407,805	-
Net difference between projected and actual earnings on pension plan investments	4,228,047	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,121,954	-
Contributions subsequent to the measurement date	3,135,565	-
Total	\$ 14,176,113	\$ -

The amount of \$3,135,565 is reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 1,148,373
2024	1,133,107
2025	1,769,735
2026	6,989,333
2027	-
Thereafter	-

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

For the year ended June 30, 2023, the District recognized pension expense of \$1,730,580.

At June 30, 2023, the District reported deferred outflow of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 304,714	\$ 35,794
Change in assumptions	292,882	2,295
Net difference between projected and actual earnings on pension plan investments	363,719	-
Changes in proportion and differences between contributions and proportionate share of contributions	175,054	41,470
Contributions subsequent to the measurement date	2,216,720	-
Total	\$ 3,353,089	\$ 79,559

The amount of \$2,216,720 is reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2022.

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

Year Ended December 31,	Deferred Outflows (Inflows) of Resources
2023	\$ 52,831
2024	110,138
2025	174,365
2026	329,557
2027	79,471
Thereafter	310,448

Actuarial Assumptions

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

Inflation	2.50%
Salary increases	3.25 – 9.25%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expenses, including inflation.

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

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

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

Asset Class	Expected Return Arithmetic Basis		
	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	6.58%	2.30%
Debt securities	20.00%	1.08%	0.22%
Real assets	18.00%	5.72%	1.03%
Private equity	12.00%	9.80%	1.18%
Absolute return	15.00%	2.91%	0.44%
Cash and cash equivalents	0.00%	-0.11%	0.00%
Totals	100.00%		5.17%
Inflation			2.50%
Expected arithmetic nominal return			7.67%

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

Discount Rate: The discount rate used to measure the total pension liability was 6.85%. 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 benefits payments of current, active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate does not use the Municipal Bond Index Rate. The discount rate was unchanged from the prior measurement date.

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

System	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
Noncontributory System	\$ 61,492,911	\$ 24,603,087	\$ (6,265,413)
Tier 2 Public Employees System	<u>3,941,911</u>	<u>902,152</u>	<u>(1,439,596)</u>
Totals	<u>\$ 65,434,822</u>	<u>\$ 25,505,239</u>	<u>\$ (7,705,009)</u>

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

Defined Contribution Savings Plans

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

Wasatch School District participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

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

401(k) Plan	2023	2022	2021
Employer Contributions	\$ 912,399	\$ 864,250	\$ 791,606
Employee Contributions	1,141,305	948,230	747,738
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	171,650	148,028	102,256
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 163,092	\$ 155,863	\$ 129,718
Traditional IRA			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	\$ 12,200	\$ 11,950	\$ 6,100

Note 7 - Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is insured against these occurrences through participation in the Utah State School District's Risk Management Pool administered by the Utah State Risk Management Office in addition to umbrella coverage provided by private insurance organizations.

Note 8 - Pledged Revenues

The District has pledged future revenues to repay \$150,000,000 in revenue bonds issued during the year ended June 30, 2023. Proceeds from the bonds were used to finance the acquisition of equipment and the construction of a new high school in the District. Principal and applicable interest on the bonds are payable through June 2054, solely from the revenues. No principal was paid during the year ended June 30, 2023. Interest paid during the year ended June 30, 2023, totaled \$5,549,832. At year end, pledged future revenues totaled approximately \$309,647,950 which is the amount of the remaining principal and interest on the bonds.

Note 9 - Related Party Transactions

The District is a member of the Northeastern Utah Educational Services (the Center). The Center was organized in 1972 under the sponsorship of the Wasatch County School District, and with the assistance of eight other school districts in the State of Utah, to provide support services and act as a buying cooperative. The District serves as a payroll service bureau for the Center. For the fiscal year ended June 30, 2023, the District handled \$1,140,452 in payroll plus retirement and other payroll related items for the Center.

The District uses Zions Bank to meet any banking needs and requirements. A member of the Board of Education is a manager at the local Zions Bank branch.

Note 10 - Commitments and Contingencies

The District receives financial assistance from federal and state agencies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could be a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2023.

The District rents laptops, from a third party, when necessary and accounts for the rentals as lease obligations.

Note 11 - Deferred Compensation 457 Plan

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all District contract employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all assets and rights purchased with those amounts, and all income attributable to those amounts, assets or rights are solely the assets and rights of the employee (without being restricted to the provisions of benefits under the plan), and are not subject to the claims of the District's general creditors.

Employees who elect to participate in the plan do so via payroll deductions. On behalf of those employees, the District forwards their deductions to a third party administrator (the Utah State Retirement System) who acts as trustee for the employees' investment. All plan assets are held in trust by URS. In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the District has not included these assets in its investments. The District has no trustee responsibilities or claim on these funds.



Required Supplementary Information
June 30, 2023

Wasatch County School District

Wasatch County School District
Statement of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
General Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Local sources				
Taxes	\$ 48,884,382	\$ 54,272,201	\$ 54,554,978	\$ 282,777
Interest	142,500	2,153,550	2,128,249	(25,301)
Other	865,000	1,175,427	1,017,180	(158,247)
State sources	41,874,019	35,302,056	35,813,580	511,524
Federal sources	3,918,597	5,721,796	6,359,320	637,524
Total revenues	<u>95,684,498</u>	<u>98,625,030</u>	<u>99,873,307</u>	<u>1,248,277</u>
Expenditures				
Instructional services	70,201,935	72,022,467	70,832,457	1,190,010
Support services				
Students and instructional staff	5,141,394	5,491,394	5,307,675	183,719
General administration	6,011,630	6,301,630	5,864,680	436,950
School administration	5,121,904	5,221,904	4,729,406	492,498
Operation and maintenance of plant	6,147,110	6,247,110	5,892,302	354,808
Student transportation	2,463,490	2,693,490	2,622,354	71,136
Non-instructional services	597,035	647,035	545,922	101,113
Total expenditures	<u>95,684,498</u>	<u>98,625,030</u>	<u>95,794,796</u>	<u>2,830,234</u>
Net Change in Fund Balances	-	-	4,078,511	4,078,511
Fund Balance - Beginning	<u>21,342,203</u>	<u>21,342,203</u>	<u>21,342,203</u>	-
Fund Balance - Ending	<u>\$ 21,342,203</u>	<u>\$ 21,342,203</u>	<u>\$ 25,420,714</u>	<u>\$ 4,078,511</u>

Wasatch County School District
Schedule of the Proportionate Share of the Net Pension Liability
Year Ended June 30, 2023

	As of calendar year ended December 31	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total plan liability
Noncontributory Retirement System	2022	1.1394142%	\$ 24,603,088	\$ 27,863,896	88.30%	91.60%
	2021	1.0943990%	(7,477,419)	26,729,061	-27.97%	102.70%
	2020	1.0334761%	13,777,496	24,895,519	55.34%	94.30%
	2019	0.9904709%	22,005,310	23,708,279	92.82%	90.10%
	2018	0.8889460%	33,073,388	22,828,772	144.88%	84.10%
	2017	0.8386783%	20,508,722	21,724,073	94.41%	89.20%
	2016	0.8047275%	26,080,550	21,417,878	121.77%	84.90%
	2015	0.8076882%	25,371,799	21,518,990	117.90%	84.50%
Tier 2 Public Employees Retirement System	2022	0.8285035%	\$ 902,152	\$ 18,191,098	4.96%	92.30%
	2021	0.7988608%	(338,107)	14,893,021	-2.27%	103.80%
	2020	0.7766960%	111,710	12,445,500	0.90%	98.30%
	2019	0.7612771%	171,217	10,601,655	1.62%	96.50%
	2018	0.7527252%	322,376	8,842,745	3.65%	90.80%
	2017	0.6719420%	59,243	6,596,760	0.90%	97.40%
	2016	0.5989478%	66,812	4,911,843	1.36%	95.10%
	2015	0.6007269%	(1,311)	3,879,298	-0.03%	100.20%
2014	0.5782819%	(17,525)	2,830,326	-0.62%	103.50%	

GASB Statement No. 68 requires ten years of information to be presented in this table.

Wasatch County School District
Schedule of Contributions
Year Ended June 30, 2023

	As of fiscal year ended June 30,	Actuarially Determined Contributions	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percentage of covered payroll*
Noncontributory System	2023	\$ 6,254,812	\$ 6,254,812	\$ -	\$ 28,382,645	22.04%
	2022	6,005,404	6,005,404	-	27,250,263	22.04%
	2021	5,690,695	5,690,695	-	25,789,659	22.07%
	2020	5,400,823	5,400,823	-	24,494,474	22.05%
	2019	5,055,588	5,055,588	-	22,948,343	22.03%
	2018	4,938,881	4,938,881	-	22,407,465	22.04%
	2017	4,668,597	4,668,597	-	21,187,939	22.03%
	2016	4,763,448	4,763,448	-	21,667,727	21.98%
	2015	4,633,007	4,633,007	-	21,371,738	21.68%
2014	4,141,851	4,141,851	-	20,738,538	19.97%	
Tier 2 Public Employees System	2023	\$ 3,911,784	\$ 3,911,784	\$ -	\$ 19,770,706	19.79%
	2022	3,182,739	3,182,739	-	16,438,883	19.36%
	2021	2,597,362	2,597,362	-	13,591,281	19.11%
	2020	2,172,374	2,172,374	-	11,448,873	18.97%
	2019	1,880,510	1,880,510	-	10,010,112	18.79%
	2018	1,403,775	1,403,775	-	7,628,764	18.40%
	2017	1,020,308	1,020,308	-	5,595,452	18.23%
	2016	817,812	817,812	-	4,482,709	18.24%
	2015	601,124	601,124	-	3,320,586	18.10%
2014	393,041	393,041	-	2,369,352	16.59%	
Tier 2 Public Employees DC Only System	2023	\$ 435,250	\$ 435,250	\$ -	\$ 4,303,917	10.11%
	2022	335,720	335,720	-	3,348,328	10.03%
	2021	269,798	269,798	-	2,691,892	10.02%
	2020	199,432	199,432	-	1,974,915	10.10%
	2019	144,564	144,564	-	1,444,003	10.01%
	2018	116,217	116,217	-	1,147,201	10.13%
	2017	84,253	84,253	-	832,158	10.12%
	2016	64,184	64,184	-	637,828	10.06%
	2015	44,932	44,932	-	456,624	9.84%
2014	30,046	30,046	-	364,603	8.24%	

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

GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the District will present information for those years for which information is available.

Note 1 – Changes in Assumptions

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



Supplementary Information
Combining and Individual Fund Statements
June 30, 2023

Wasatch County School District

Wasatch County School District
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	Variance with Final Budget -
	<u>Original</u>	<u>Final</u>		Positive (Negative)
Revenues				
Local sources				
Taxes	\$ 14,654,958	\$ 14,654,958	13,987,823	\$ (667,135)
Interest	-	5,277,620	5,374,381	96,761
Other	757,940	757,940	-	(757,940)
State sources	1,283,942	1,283,942	1,283,023	(919)
Total revenue	<u>16,696,840</u>	<u>21,974,460</u>	<u>20,645,227</u>	<u>(1,329,233)</u>
Expenditures				
Instructional and Support Services				
Instructional services	6,587,148	6,587,148	6,043,863	543,285
General administration	232,500	232,500	161,463	71,037
Operation and maintenance of plant	535,000	535,000	593,648	(58,648)
Facilities acquisition and construction	10,553,032	25,710,599	9,490,962	16,219,637
Student transportation	168,154	168,154	175,654	(7,500)
Debt Service				
Principal retirement	-	-	15,682,343	(15,682,343)
Lease principal	2,315,654	2,315,654	4,530,698	(2,215,044)
Interest	-	6,454,409	4,463,421	1,990,988
Total expenditures	<u>20,391,488</u>	<u>42,003,464</u>	<u>41,142,052</u>	<u>861,412</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(3,694,648)</u>	<u>(20,029,004)</u>	<u>(20,496,825)</u>	<u>(467,821)</u>
Other Financing Sources				
Lease obligations	3,694,648	3,694,648	3,694,648	-
Bond proceeds	-	164,556,288	178,196,288	(13,640,000)
Total other financing sources	<u>3,694,648</u>	<u>168,250,936</u>	<u>181,890,936</u>	<u>(13,640,000)</u>
Net Changes in Fund Balance	<u>(3,694,648)</u>	<u>144,527,284</u>	<u>161,394,111</u>	<u>(14,107,821)</u>
Beginning Fund Balance	<u>12,094,325</u>	<u>12,094,325</u>	<u>12,094,325</u>	<u>-</u>
Ending Fund Balance	<u>\$ 8,399,677</u>	<u>\$ 156,621,609</u>	<u>\$ 173,488,436</u>	<u>\$ (14,107,821)</u>

Wasatch County School District
Schedule of Revenues, Expenditures and
Changes in Fund Balances – Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 9,880,250	\$ 12,981,077	\$ 13,048,712	\$ 67,635
Total revenue	<u>9,880,250</u>	<u>12,981,077</u>	<u>13,048,712</u>	<u>67,635</u>
Expenditures				
Debt service				
Principal retirement	7,475,000	14,187,660	14,187,657	3
Interest and fiscal charges	2,405,250	2,414,250	2,312,343	101,907
Total expenditures	<u>9,880,250</u>	<u>16,601,910</u>	<u>16,500,000</u>	<u>101,910</u>
Net Changes in Fund Balance	-	(3,620,833)	(3,451,288)	169,545
Beginning Fund Balance	<u>3,636,054</u>	<u>3,636,054</u>	<u>3,636,054</u>	<u>-</u>
Ending Fund Balance	<u>\$ 3,636,054</u>	<u>\$ 15,221</u>	<u>\$ 184,766</u>	<u>\$ 169,545</u>

Wasatch County School District
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Services	Wasatch County School District Foundation	Student Activities	Tax Increment	
Assets					
Cash	\$ 1,325,554	\$ 1,858,734	\$ 913,231	\$ -	\$ 4,097,519
State receivables	4,227	-	-	-	4,227
Federal receivables	24,758	-	-	-	24,758
Property tax receivables	-	-	-	516,483	516,483
Inventories	127,092	-	-	-	127,092
Total assets	<u>\$ 1,481,631</u>	<u>\$ 1,858,734</u>	<u>\$ 913,231</u>	<u>\$ 516,483</u>	<u>\$ 4,770,079</u>
Liabilities and Fund Balances					
Liabilities					
Accounts payable	\$ 27,703	\$ 14,000	\$ 913,231	\$ -	\$ 954,934
Accrued liabilities	217,382	-	-	-	217,382
Unearned revenue	117,728	-	-	-	117,728
Total liabilities	<u>362,813</u>	<u>14,000</u>	<u>913,231</u>	<u>-</u>	<u>1,290,044</u>
Deferred Inflows of Resources					
Unavailable property tax revenue	-	-	-	516,483	516,483
Fund balances					
Nonspendable					
Inventories	127,092	-	-	-	127,092
Committed					
Food services	991,726	-	-	-	991,726
Foundation	-	1,844,734	-	-	1,844,734
Total fund balances	<u>1,118,818</u>	<u>1,844,734</u>	<u>-</u>	<u>-</u>	<u>2,963,552</u>
Total Liabilities and Fund Balances	<u>\$ 1,481,631</u>	<u>\$ 1,858,734</u>	<u>\$ 913,231</u>	<u>\$ 516,483</u>	<u>\$ 4,770,079</u>

Wasatch County School District
Combining Statement of Revenues, Expenditures, and
Changes in Fund Balances – Non-Major Governmental Funds
Year Ended June 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Food Services	Wasatch County School District Foundation	Student Activity	Tax Increment	
Revenues					
Taxes	\$ -	\$ -	\$ -	\$ 400,056	\$ 400,056
Other local revenues	976,829	1,288,462	3,344,642	-	5,609,933
State sources	537,598	-	-	-	537,598
Federal sources	2,202,916	-	-	-	2,202,916
Total revenues	3,717,343	1,288,462	3,344,642	400,056	8,750,503
Expenditures					
Instructional services	-	968,296	3,344,642	-	4,312,938
School lunch services	3,796,176	-	-	-	3,796,176
Community services	-	-	-	400,056	400,056
Total expenditures	3,796,176	968,296	3,344,642	400,056	8,509,170
Excess (Deficiency) of Revenues over Expenditures	(78,833)	320,166	-	-	241,333
Other Financing Sources					
Other	48,069	-	-	-	48,069
Net Changes in Fund Balances	(30,764)	320,166	-	-	289,402
Beginning Fund Balance	1,149,582	1,524,568	-	-	2,674,150
Ending Fund Balance	\$ 1,118,818	\$ 1,844,734	\$ -	\$ -	\$ 2,963,552

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Food Services– Non-Major Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local revenues	\$ 1,527,612	\$ 1,527,612	\$ 976,829	\$ (550,783)
State sources	606,625	606,625	537,598	(69,027)
Federal sources	2,191,561	2,191,561	2,202,916	11,355
Total revenues	<u>4,325,798</u>	<u>4,325,798</u>	<u>3,717,343</u>	<u>(608,455)</u>
Expenditures				
School lunch services	<u>4,325,798</u>	<u>4,325,798</u>	<u>3,796,176</u>	<u>529,622</u>
Total expenditures	<u>4,325,798</u>	<u>4,325,798</u>	<u>3,796,176</u>	<u>529,622</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>(78,833)</u>	<u>(78,833)</u>
Other Financing Sources				
Other	<u>-</u>	<u>-</u>	<u>48,069</u>	<u>48,069</u>
Net Changes in Fund Balance	-	-	(30,764)	(30,764)
Beginning Fund Balance	<u>1,149,582</u>	<u>1,149,582</u>	<u>1,149,582</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,149,582</u>	<u>\$ 1,149,582</u>	<u>\$ 1,118,818</u>	<u>\$ (30,764)</u>

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Foundation– Non-Major Special Revenue Fund
Year Ended June 30, 2023

	<u>Budgeted Amounts</u>		Actual Amounts	Variance with Final Budget - Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Revenues				
Other local sources	\$ 762,500	\$ 1,087,500	\$ 1,288,462	\$ 200,962
Total revenues	<u>762,500</u>	<u>1,087,500</u>	<u>1,288,462</u>	<u>200,962</u>
Expenditures				
Non-instructional services	<u>762,500</u>	<u>1,087,500</u>	<u>968,296</u>	<u>119,204</u>
Total expenditures	<u>762,500</u>	<u>1,087,500</u>	<u>968,296</u>	<u>119,204</u>
Net Changes in Fund Balance	-	-	320,166	320,166
Beginning Fund Balance	<u>1,524,568</u>	<u>1,524,568</u>	<u>1,524,568</u>	<u>-</u>
Ending Fund Balance	<u>\$ 1,524,568</u>	<u>\$ 1,524,568</u>	<u>\$ 1,844,734</u>	<u>\$ 320,166</u>

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Student Activities– Non-Major Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Other local revenues	\$ 3,523,000	\$ 4,023,000	\$ 3,344,642	\$ (678,358)
Total revenues	3,523,000	4,023,000	3,344,642	(678,358)
Expenditures				
Instructional services	3,523,000	4,023,000	3,344,642	678,358
Total expenditures	3,523,000	4,023,000	3,344,642	678,358
Net Changes in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -

Wasatch County School District
Schedule of Revenues, Expenditures, and
Changes in Fund Balances – Budget and Actual
Tax Increment– Non-Major Special Revenue Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Local sources				
Property tax	\$ 509,886	\$ 509,886	\$ 400,056	\$ (109,830)
Total revenues	509,886	509,886	400,056	(109,830)
Expenditures:				
Community services	509,886	509,886	400,056	109,830
Total expenditures	509,886	509,886	400,056	109,830
Net Changes in Fund Balance	-	-	-	-
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	\$ -	\$ -	\$ -	\$ -



Supplemental Report in Compliance with
Government Auditing Standards, Federal
Awards Reports in Accordance with Uniform
Guidance, State of Utah Legal Compliance
Reports as Required by the *State Compliance
Audit Guide*

June 30, 2023

Wasatch County School District

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* 1

Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 3

Schedule of Expenditures of Federal Awards 7

Notes to Schedule of Expenditures of Federal Awards 8

Schedule of Findings and Questioned Costs 9

Independent Auditor’s Report on Compliance and Report on Internal Control over Compliance as Required by the *State Compliance Audit Guide* 11



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*

To the Board of Education
Wasatch County School District
Heber City, Utah

We have audited, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Wasatch County School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wasatch County School District’s basic financial statements and have issued our report thereon dated November 30, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Wasatch County School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wasatch County School District’s internal control. Accordingly, we do not express an opinion on the effectiveness of Wasatch County School District’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. 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Wasatch County School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
November 30, 2023



Independent Auditor’s Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

To the Board of Education
Wasatch County School District
Heber City, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Wasatch County School District’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Wasatch County School District’s major federal programs for the year ended June 30, 2023. Wasatch County School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Wasatch County School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Wasatch County School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Wasatch County School District's basic financial statements. We issued our report thereon dated November 30, 2023, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Eide Bailly LLP

Salt Lake City, Utah
November 30, 2023

Wasatch County School District
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Financial Assistance Listing	Pass-Through Entity Identifying Number	Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through Utah State Board of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	8070	\$ 115,076
Emergency Operating Funds	10.556	Unknown	5,376
Supply Chain Assistance Grant	10.555	Unknown	160,218
National School Lunch Program			
Cash Assistance	10.555	8070/8079	1,594,631
Non-Cash Assistance (Commodities)	10.555	Unknown	249,992
Total Child Nutrition Cluster			<u>2,125,293</u>
Total U.S. Department of Agriculture			<u>2,125,293</u>
<u>U.S. Department of Workforce Services</u>			
Passed through Utah State Board of Education			
TANF Cluster			
Pre-K/School Readiness Grant	93.076	N/A	507,136
Total U.S. Department of Workforce Services			<u>507,136</u>
<u>U.S. Department of Education</u>			
Passed Through Utah State Board of Education			
Special Education Cluster			
Special Education - Grants to States	84.027	7524	1,325,468
Special Education - ARP	84.027	7524	25,289
Special Education - Preschool Grants	84.173	7522	42,560
Total Special Education Cluster			<u>1,393,317</u>
Title I Grants to Local Educational Agencies	84.010	7801	767,205
Title IIA Teacher Quality	84.367	7860	125,032
Title IIIA NCLB English Language Acq.	84.365	7880	109,579
Vocational Education - State Basic Grants	84.048	Unknown	260,934
Education Stabilization Fund:			
COVID 19 - Elementary & Secondary School Emergency Relief II	84.425D	7215	263,789
COVID 19 - Elementary & Secondary School Emergency Relief III	84.425U	7225	1,999,680
Total Education Stabilization Fund			<u>2,263,469</u>
Total U.S. Department of Education			<u>4,919,536</u>
<u>U. S. Department of Defense</u>			
JROTC Reimbursement Grant	12.357	Unknown	79,583
Total U.S. Department of Defense			<u>79,583</u>
<u>Other Federal Assistance</u>			
Utah Department of Health & Human Services	93.354	N/A	202,343
U.S. Forest Service	10.665	N/A	77,085
Total Other Federal Assistance			<u>279,428</u>
Total Federal Financial Assistance			<u>\$ 7,910,976</u>

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal award activity of the Wasatch County School District (the District) under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position or fund balance of the District.

Note B – Summary of Significant Accounting Policies

Expenditures reported in the schedule are reported on the modified accrual basis – when they become a demand on current available financial resources. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Wasatch County School District received all federal awards indirectly through pass-through entities, except for the monies from the Department of Defense and U.S. Forest Service. No federal financial assistance has been provided to a subrecipient.

Note C – Indirect Cost Rate

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

Note D – Food Donations

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the District had food commodities totaling \$40,102 in inventory.

Note E – Other Federal Funding

The District received Medical Assistance Program grant monies through the State of Utah Department of Health. These federal grants are not classified as federal financial assistance under Uniform Guidance because they are classified as Medicaid funding. The total billed for this program for the year ended June 30, 2023, was \$401,585.

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516(a):	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>Federal Financial Assistance Listing</u>
Education Stabilization Fund	84.425D, 84.425U
Special Education Cluster	84.027, 84.173
Title 1 Grants to Local Educational Agencies	84.010
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None reported.

Section III – Federal Award Findings and Questioned Costs

None reported.



**Independent Auditor’s Report on Compliance and Report on Internal Control over Compliance as
Required by the *State Compliance Audit Guide***

To the Board of Education
Wasatch County School District
Heber City, Utah

Report on Compliance

We have audited Wasatch County School District’s (the District) compliance with the applicable state compliance requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor, for the year ended June 30, 2023.

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

- Budgetary Compliance
- Fund Balance
- Restricted Taxes and Other Related Restricted Revenue
- Fraud risk Assessment
- Cash Management
- Open and Public Meetings Act
- Public Education Programs

Opinion on Compliance

In our opinion, the District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2023.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Erin Sully LLP". The signature is written in a cursive, flowing style.

Salt Lake City, Utah
November 30, 2023