

LOGAN CITY SCHOOL DISTRICT

**Basic Financial Statements
with Supplementary Information**

Year Ended June 30, 2022

LOGAN CITY SCHOOL DISTRICT

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Independent Auditor's Report

Board of Education
Logan City School District

Report on the Basic Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan City School District (the District) as of and for the year ended June 30, 2022 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 basic 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, 2022 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the *general fund* 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. 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 opinion. 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, the schedules of the District's proportionate share of the net pension liability (asset) – Utah Retirement Systems, and the schedules of District contributions – Utah Retirement Systems, and the related notes to the required supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the

information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary 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 combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules 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 November 11, 2022 on 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, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Squire + Company, PC

Orem, Utah
November 11, 2022

Management's Discussion and Analysis

This section of Logan City School District's (the District) annual financial report presents management's discussion and analysis (MD&A) of the District's performance during the year ended June 30, 2022. The MD&A is intended to provide an analysis directly related to the information presented in the District's financial statements, which follow this section.

Financial Highlights

- The District's total net position was \$75.8 million at the close of the most recent fiscal year, most of which is invested in capital assets.
- During 2022, expenses were \$14.9 million less than the \$75.4 million generated in taxes and other revenues for governmental activities.
- Property tax revenue totaled \$29.5 million in 2022, an increase of \$1.3 million from the prior year. State and federal revenues totaled \$43.3 million in 2022, an increase of \$4.5 million from the prior year. Instruction expense totaled \$36.5 million in 2022, a decrease of \$1.4 million from the prior year.

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 basic 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 assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District, with the difference being 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 most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and unpaid early retirement benefits).

The government-wide financial statements can be found on pages 10 and 11 of this report.

The government-wide financial statements of the District are reported as governmental activities; the District has no business-type activities. Governmental activities and functions include instructional services, supporting services, school food services, community services, contributions to other governments, and interest on long-term liabilities. Property taxes and state and federal grants finance most of these activities.

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 compliance with finance-related legal requirements. All of the funds of the District are classified as governmental funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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*, each of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each governmental fund is provided in the form of *combining and individual fund statements and schedules* 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 funds financial statements can be found on pages 12 through 16 of this report.

Notes to 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 basic financial statements can be found on pages 17 through 37 of this report.

Additional Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning the District's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on pages 38 to 40 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with governmental funds are presented as supplementary information. This information can be found on pages 41 through 49 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by \$75.8 million.

LOGAN CITY SCHOOL DISTRICT'S Net Position

June 30, 2022 and 2021

(in millions of dollars)

	Governmental activities		Total change
	2022	2021	2022-2021
Current and other assets	\$ 79.5	\$ 76.9	\$ 2.6
Capital assets	107.8	100.7	7.1
Total assets	187.3	177.6	9.7
Deferred outflows of resources	8.7	4.9	3.8
Current and other liabilities	9.6	11.1	(1.5)
Long-term liabilities outstanding	63.4	75.5	(12.1)
Total liabilities	73.0	86.6	(13.6)
Deferred inflows of resources	47.2	35.0	12.2
Net position:			
Net investment in capital assets	47.8	42.4	5.4
Restricted	13.1	12.9	0.2
Unrestricted	14.9	5.6	9.3
Total net position	\$ 75.8	\$ 60.9	\$ 14.9

The key elements of the District's net position at June 30, 2022 are as follows:

- The largest portion of the District's net position (\$47.8 million) reflects its net investment in capital assets (e.g., land, construction in progress, buildings, and equipment net of accumulated depreciation) less any related outstanding debt (general obligation and lease revenue bonds payable) used to acquire those assets. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.
- An additional portion of the District's net position (\$13.1 million) represents resources that are subject to external restrictions on how they may be used. The majority of the restricted balance is for capital projects.
- The remaining balance of net position (\$14.9 million) is unrestricted. This balance is net of the District's proportionate share of the defined benefit pension plans administered by the Utah Retirement Systems.

The District's net position increased by \$14.9 million during the current year. The following is a discussion and analysis of the governmental activities for the year.

Governmental Activities

The key elements of the District’s changes in net position for the year ended June 30, 2022 are as follows:

LOGAN CITY SCHOOL DISTRICT'S Changes in Net Position

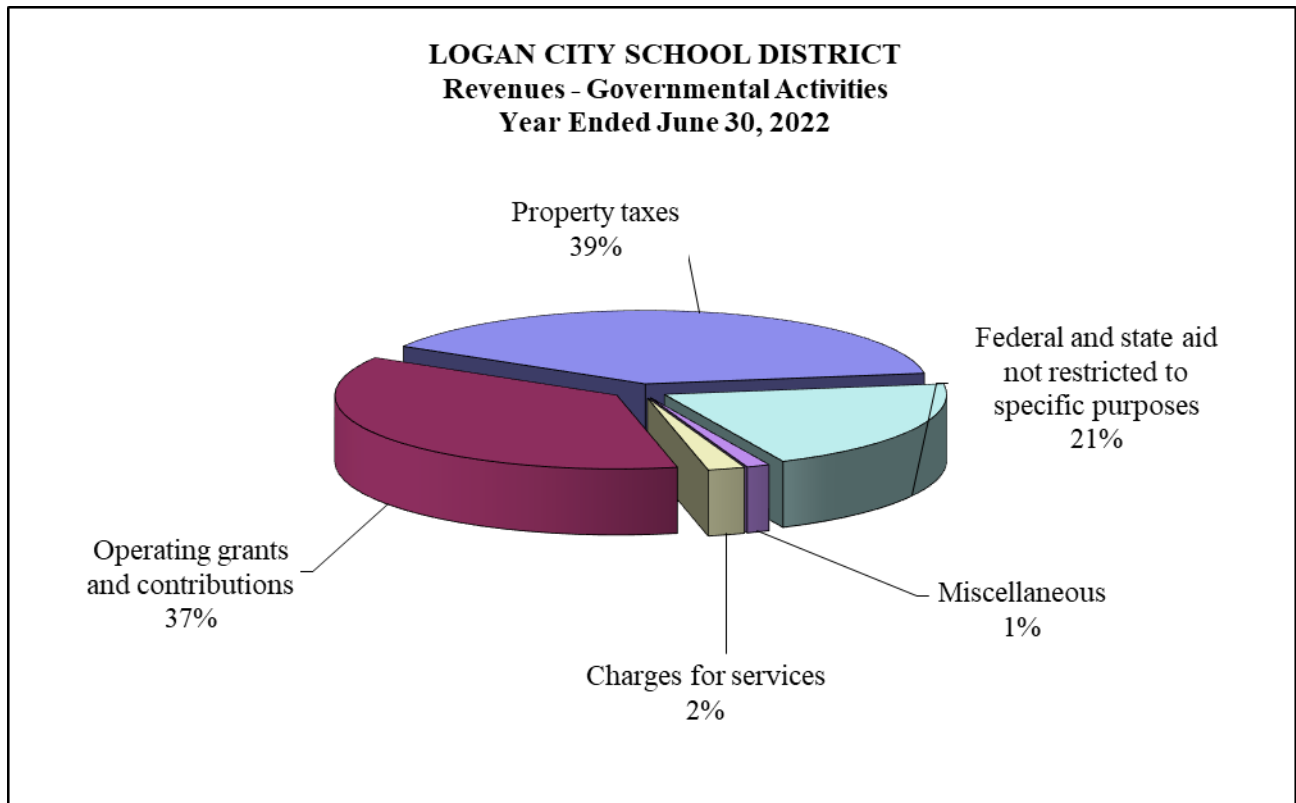
Years Ended June 30, 2022 and 2021

(in millions of dollars)

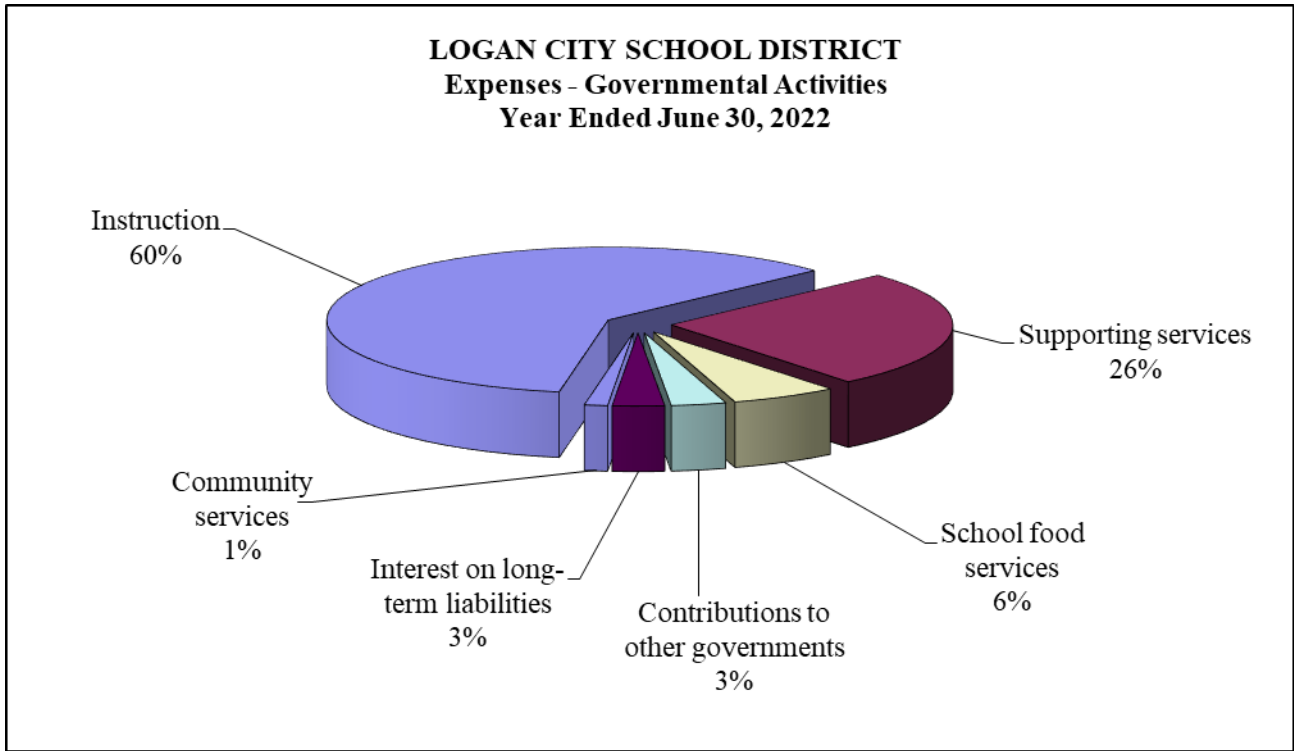
	Governmental activities		Total change
	2022	2021	2022-2021
Revenues:			
Program revenues:			
Charges for services	\$ 1.6	\$ 1.2	\$ 0.4
Operating grants and contributions	27.9	23.3	4.6
General revenues:			
Property taxes	29.5	28.2	1.3
Federal and state aid not restricted to specific purposes	15.4	15.5	(0.1)
Earnings on investments	0.1	0.3	(0.2)
Miscellaneous	0.9	0.8	0.1
Total revenues	75.4	69.3	6.1
Expenses:			
Instruction	36.5	37.9	(1.4)
Supporting services:			
Students	3.2	3.3	(0.1)
Instructional staff	2.3	2.6	(0.3)
General administration	0.5	0.8	(0.3)
School administration	2.6	2.9	(0.3)
Central	2.4	2.3	0.1
Operation and maintenance of facilities	3.0	3.2	(0.2)
Student transportation	1.8	1.7	0.1
School food services	3.7	3.7	-
Community services	0.8	0.7	0.1
Contributions to other governments	1.9	1.8	0.1
Interest on long-term liabilities	1.8	2.0	(0.2)
Total expenses	60.5	62.9	(2.4)
Change in net position	14.9	6.4	8.5
Net position - beginning	60.9	54.5	6.4
Net position - ending	\$ 75.8	\$ 60.9	\$ 14.9

- The District is dependent on federal and state aid and property taxes. State aid is based primarily on weighted pupil units (WPU) and other appropriations. If a student is in membership a full 180 days, the state awards the District one WPU. The state guarantees that if local property taxes do not provide money equal to the amount generated by the WPU the state will make up the difference with additional state funding. Certain students receive a WPU greater than one. The value of the WPU increased by 5.9 percent during the year ended June 30, 2022 (\$3,809 during 2022 as compared to \$3,596 in 2021).

- Property tax revenue increased by \$1.3 million. This increase is a mainly a result of an increase in the taxable value of property.



- Instruction represents the largest dollar portion of expense of \$36.5 million primarily for teacher salaries and related benefits. This is a decrease of \$1.4 million compared to the prior year. This decrease is mainly due to a reduction in pension expense from the District's proportionate share of pension plans administered by the Utah Retirement Systems.
- Supporting services expenses totaled \$15.8 million. This is a decrease of \$1.0 million compared to the prior year. This decrease is mainly due to a reduction in pension expense from the District's proportionate share of pension plans administered by the Utah Retirement Systems.



Financial Analysis of the District’s Funds

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

Governmental Funds

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District’s financing requirements. As the District completed the year, its governmental funds reported a combined fund balance of \$37.0 million. In addition, the following other changes in fund balances should be noted:

- Expenditures for general District purposes totaled \$56.1 million. Instruction represented 64.1 percent of *general fund* expenditures.
- *General fund* salaries totaled \$31.8 million while the associated employee benefits of retirement, social security, and insurance added \$13.0 million to account for 79.9 percent of total *general fund* expenditures.
- *Capital projects fund* expenditures totaled \$11.6 million which includes construction costs of \$10.3 million for the rebuild and remodel of schools.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into nonspendable, restricted, and unrestricted portions. *Nonspendable* includes inventories and prepaid expenditures that are not expected to be converted to cash. *Restricted* includes net fund resources of the District that are subject to external constraints due to state or federal laws, or externally imposed conditions by grantors or creditors. Restrictions include tax revenues levied for specific purposes. The unrestricted fund balance is, in turn, subdivided between committed, assigned, and unassigned portions. *Committed* balances reflect the District’s self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. *Assigned* balances in the *general fund* and other

governmental funds are those that do not meet the requirements of restricted or committed but that are intended to be used for specific purposes. *Unassigned* balances in the *general fund* are all other available net fund resources. At June 30, 2022, the District’s combined governmental fund balance is \$37.0 million (\$0.2 million in nonspendable, \$13.3 million in restricted, \$2.6 million in committed, \$8.1 million in assigned, and \$12.8 million in unassigned).

General Fund Budgetary Highlights

During the year, the Board revised the District’s *general fund* budget. Budget amendments were to reflect changes in programs and related funding. The difference between the original budget and the final amended budget was an increase of \$2.1 million in total *general fund* revenues and \$2.0 million in expenditures to reflect anticipated increases in federal and state funding with related spending.

Actual revenues were \$0.1 million less than final budgeted amounts. This variance primarily resulted from anticipated increases in state funding, property taxes, and other local revenues. Actual expenditures were \$1.5 million less than the final budgeted amount. This primarily resulted due to expenditure-driven federal and state grants that are included in the budgets at their full amounts. Such grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met; unspent grant amounts are carried forward and included in the succeeding year’s budget. Therefore, actual grant revenues and expenditures are normally less than the amounts budgeted.

Capital Assets and Debt Administration

Capital Assets

The *capital projects fund* is used to account for the costs incurred in acquiring and improving land, constructing and remodeling facilities, and procuring equipment necessary for providing educational programs for all students within the District.

Capital assets at June 30, 2022 and 2021 are outlined below:

LOGAN CITY SCHOOL DISTRICT'S Capital Assets

June 30, 2022 and 2021

(net of accumulated depreciation, in millions of dollars)

	Governmental activities		Total change
	2022	2021	2022-2021
Land	\$ 4.5	\$ 4.5	\$ -
Construction in progress	36.1	28.9	7.2
Buildings and improvements	65.7	66.0	(0.3)
Equipment	1.5	1.3	0.2
Net capital assets	<u>\$ 107.8</u>	<u>\$ 100.7</u>	<u>\$ 7.1</u>

Additional information on the District’s capital assets can be found in Note 5 to the basic financial statements.

Debt Administration

The outstanding balances of debt at June 30, 2022 and 2021 is summarized below:

LOGAN CITY SCHOOL DISTRICT'S Outstanding Debt

June 30, 2022 and 2021

(net of unamortized bond premiums, in millions of dollars)

	Governmental activities		Total change
	2022	2021	2022-2021
General obligation bonds payable	\$ 51.5	\$ 53.7	\$ (2.2)
Lease revenue bonds payable	4.2	4.8	(0.6)
Note payable from direct borrowing	4.3	4.8	(0.5)
Net outstanding debt	<u>\$ 60.0</u>	<u>\$ 63.3</u>	<u>\$ (3.3)</u>

The District maintains an aggressive schedule to retire all of its general obligation bonds and lease revenue bonds by 2039. Additional information on the District's long-term debt can be found in Note 8 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of the Logan City School District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Logan City School District, 101 West Center, Logan, Utah 84321.

LOGAN CITY SCHOOL DISTRICT

Statement of Net Position

June 30, 2022

	Governmental Activities
Assets:	
Cash and investments	\$ 38,699,967
Receivables:	
Property taxes	28,165,926
Other local	121,901
State	193,829
Federal	7,292,901
Inventories	116,387
Prepays	69,833
Net pension asset	4,881,926
Capital assets:	
Land and construction in progress	40,673,714
Buildings and equipment, net of accumulated depreciation	67,123,999
Total assets	<u>187,340,383</u>
Deferred outflows of resources:	
Related to pensions	<u>8,677,568</u>
Liabilities:	
Accounts payable	2,250,478
Accrued interest	104,893
Accrued salaries and benefits	4,662,193
Unearned revenue:	
Local	433
State	2,576,198
Federal	636,244
Long-term liabilities:	
Due or payable within one year	4,479,579
Due or payable after one year	58,291,188
Total liabilities	<u>73,001,206</u>
Deferred inflows of resources:	
Property taxes levied for future year	27,404,465
Related to pensions	19,777,470
Total deferred inflows of resources	<u>47,181,935</u>
Net position:	
Net investment in capital assets	47,757,059
Restricted for:	
Debt service	905,986
Capital projects	10,690,303
School food services	1,523,678
Foundation	267,113
Unrestricted	14,690,671
Total net position	<u>\$ 75,834,810</u>

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2022

Functions/Activities	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Total Governmental Activities
Governmental activities:				
Instruction	\$ 36,483,103	\$ 1,438,138	\$ 19,402,835	\$ (15,642,130)
Supporting services:				
Student	3,236,239	-	1,010,052	(2,226,187)
Instructional staff	2,316,134	-	1,252,991	(1,063,143)
General administration	473,261	-	94,175	(379,086)
School administration	2,581,320	-	569,734	(2,011,586)
Central	2,347,383	-	954,028	(1,393,355)
Operation and maintenance of facilities	3,011,412	-	407,427	(2,603,985)
Student transportation	1,844,238	-	494,015	(1,350,223)
School food services	3,720,095	19,945	3,418,797	(281,353)
Community services	765,793	95,907	338,226	(331,660)
Contributions to other governments	1,904,479	-	-	(1,904,479)
Interest on long-term liabilities	1,822,532	-	-	(1,822,532)
Total school district	<u>\$ 60,505,989</u>	<u>\$ 1,553,990</u>	<u>\$ 27,942,280</u>	<u>(31,009,719)</u>
General revenues:				
Property taxes levied for:				
				6,313,975
				6,500,239
				4,599,585
				3,801,310
				6,370,995
				1,904,479
				<u>29,490,583</u>
				15,394,889
				128,652
				893,258
				<u>45,907,382</u>
				14,897,663
				<u>60,937,147</u>
				<u>\$ 75,834,810</u>

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2022

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 22,842,799	\$ 908,797	\$ 11,507,065	\$ 3,441,306	\$ 38,699,967
Receivables:					
Property taxes	17,010,623	3,354,426	5,802,687	1,998,190	28,165,926
Other local	121,901	-	-	-	121,901
State	140,881	-	-	52,948	193,829
Federal	7,254,649	-	-	38,252	7,292,901
Inventories	-	-	-	116,387	116,387
Prepays	69,833	-	-	-	69,833
Total assets	<u>\$ 47,440,686</u>	<u>\$ 4,263,223</u>	<u>\$ 17,309,752</u>	<u>\$ 5,647,083</u>	<u>\$ 74,660,744</u>
Liabilities:					
Accounts payable	\$ 1,152,506	\$ -	\$ 988,828	\$ 109,144	\$ 2,250,478
Accrued salaries and benefits	4,662,193	-	-	-	4,662,193
Unearned revenue:					
Local	433	-	-	-	433
State	2,576,198	-	-	-	2,576,198
Federal	636,244	-	-	-	636,244
Total liabilities	<u>9,027,574</u>	<u>-</u>	<u>988,828</u>	<u>109,144</u>	<u>10,125,546</u>
Deferred inflows of resources:					
Unavailable property tax revenue	89,794	17,663	30,579	10,794	148,830
Property taxes levied for future year	16,534,104	3,252,344	5,630,621	1,987,396	27,404,465
Total deferred inflows of resources	<u>16,623,898</u>	<u>3,270,007</u>	<u>5,661,200</u>	<u>1,998,190</u>	<u>27,553,295</u>
Fund balances:					
Nonspendable:					
Inventories	-	-	-	116,387	116,387
Prepays	69,833	-	-	-	69,833
Restricted for:					
Debt service	-	993,216	-	-	993,216
Capital projects	-	-	10,659,724	-	10,659,724
School food services	-	-	-	1,407,291	1,407,291
Foundation	-	-	-	267,113	267,113
Committed to:					
Economic stabilization	2,625,000	-	-	-	2,625,000
Assigned to:					
Termination benefits	1,600,000	-	-	-	1,600,000
Programs	1,310,516	-	-	-	1,310,516
Building improvements	3,461,417	-	-	-	3,461,417
Students	-	-	-	1,748,958	1,748,958
Unassigned	12,722,448	-	-	-	12,722,448
Total fund balances	<u>21,789,214</u>	<u>993,216</u>	<u>10,659,724</u>	<u>3,539,749</u>	<u>36,981,903</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 47,440,686</u>	<u>\$ 4,263,223</u>	<u>\$ 17,309,752</u>	<u>\$ 5,647,083</u>	<u>\$ 74,660,744</u>

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2022

Total fund balances for governmental funds \$ 36,981,903

Total net position reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental funds are not financial resources and therefore are not reported in the funds. Those assets consist of:

Land	\$ 4,526,646	
Construction in progress	36,147,068	
Building and improvements, net of \$58,775,381 accumulated depreciation	65,815,238	
Equipment, net of \$3,811,228 accumulated depreciation	<u>1,308,761</u>	107,797,713

Some of the District's property taxes will be collected after year-end but are not available soon enough to pay for the current period's expenditures, and are therefore reported as deferred inflows of resources in the funds.

Unavailable property tax revenue	148,830
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The net pension asset is not an available resource and therefore is not reported in the governmental funds.	4,881,926
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Long-term liabilities that pertain to governmental funds, including general obligation bonds payable and lease revenue bonds payable, 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:

General obligation bonds payable	(48,300,000)	
Bond issuance premiums, net of \$1,432,610 accumulated amortization	(3,240,680)	
Lease revenue bonds payable	(4,178,000)	
Note payable from direct borrowing	(4,321,974)	
Accrued interest	(104,893)	
Early retirement	(1,107,543)	
Compensated absences	(1,622,570)	
Deferred outflows of resources related to pensions	8,677,568	
Deferred inflows of resources related to pensions	<u>(19,777,470)</u>	<u>(73,975,562)</u>

Total net position of governmental activities	\$ 75,834,810
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The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2022

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Local:					
Property taxes	\$ 17,555,155	\$ 3,808,896	\$ 6,383,708	\$ 1,904,479	\$ 29,652,238
Earnings on investments	172,815	15	11,879	(56,057)	128,652
Lunch sales	-	-	-	19,945	19,945
Other local	617,542	-	-	1,809,761	2,427,303
State	28,984,810	-	-	517,253	29,502,063
Federal	10,437,507	-	-	3,397,599	13,835,106
Total revenues	57,767,829	3,808,911	6,395,587	7,592,980	75,565,307
Expenditures:					
Current:					
Instruction	35,944,157	-	-	1,337,176	37,281,333
Supporting services:					
Student	3,590,148	-	-	-	3,590,148
Instructional staff	2,570,528	-	-	-	2,570,528
General administration	612,059	-	-	-	612,059
School administration	2,941,980	-	-	-	2,941,980
Central	2,471,490	-	-	-	2,471,490
Operation and maintenance of facilities	3,120,889	-	-	-	3,120,889
Student transportation	1,844,238	-	-	-	1,844,238
Community services	486,160	-	-	244,303	730,463
School food services	-	-	-	3,699,702	3,699,702
Contributions to other governments	-	-	-	1,904,479	1,904,479
Capital outlay	2,482,157	-	10,306,503	-	12,788,660
Debt service:					
Bond principal	-	1,895,000	1,135,758	-	3,030,758
Bond interest and fiscal charges	-	1,952,182	136,521	-	2,088,703
Lease principal	-	-	23,510	-	23,510
Lease interest	-	-	1,380	-	1,380
Total expenditures	56,063,806	3,847,182	11,603,672	7,185,660	78,700,320
Excess (deficiency) of revenues over (under) expenditures	1,704,023	(38,271)	(5,208,085)	407,320	(3,135,013)
Other financing sources (uses):					
Proceeds from sale of capital assets	29,500	-	132,030	-	161,530
Transfer in (out)	(74,128)	-	-	74,128	-
Total other financing sources (uses)	(44,628)	-	132,030	74,128	161,530
Net change in fund balances	1,659,395	(38,271)	(5,076,055)	481,448	(2,973,483)
Fund balances - beginning	20,129,819	1,031,487	15,735,779	3,058,301	39,955,386
Fund balances - ending	\$ 21,789,214	\$ 993,216	\$ 10,659,724	\$ 3,539,749	\$ 36,981,903

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2022

Net change in fund balances-total governmental funds \$ (2,973,483)

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 for equipment and \$100,000 for buildings 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 (facilities acquisition, construction, and equipment)	\$ 10,684,088	
Gain on disposal of capital assets	90,910	
Proceeds from sale of capital assets	(161,530)	
Depreciation expense	<u>(3,532,981)</u>	7,080,487

The governmental funds report the issuance of debt as other financing sources, while repayment of principal is reported as an expenditure. 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. Also, governmental funds report the effect of premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. 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. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	2,564,000	
Repayment of capital lease	23,510	
Repayment of note payable	466,758	
Interest expense	21,587	
Amortization of bond premiums	<u>245,964</u>	3,321,819

Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources in the funds. Deferred inflows of resources decreased this year. (161,655)

In the statement of activities, certain operating expenses 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).

Early retirement	489,448	
Compensated absences	142,638	
Pension expense	<u>6,998,409</u>	<u>7,630,495</u>

Change in net position of governmental activities \$ 14,897,663

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended June 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Local:				
Property taxes	\$ 17,195,794	\$ 17,141,203	\$ 17,555,155	\$ 413,952
Earnings on investments	100,000	100,000	172,815	72,815
Other local	593,558	1,437,900	617,542	(820,358)
State	29,417,122	30,248,325	28,984,810	(1,263,515)
Federal	8,349,557	8,874,199	10,437,507	1,563,308
Total revenues	<u>55,656,031</u>	<u>57,801,627</u>	<u>57,767,829</u>	<u>(33,798)</u>
Expenditures:				
Current:				
Instruction	36,942,752	36,397,010	35,944,157	452,853
Supporting services:				
Student	3,634,126	3,413,297	3,590,148	(176,851)
Instructional staff	3,303,352	2,749,554	2,570,528	179,026
General administration	675,167	615,854	612,059	3,795
School administration	3,117,911	2,972,875	2,941,980	30,895
Central	2,920,956	3,381,744	2,471,490	910,254
Operation and maintenance of facilities	3,235,334	3,308,748	3,120,889	187,859
Student transportation	1,578,103	1,777,290	1,844,238	(66,948)
Community services	142,109	583,826	486,160	97,666
Capital outlay	-	2,350,000	2,482,157	(132,157)
School food services	23,500	-	-	-
Total expenditures	<u>55,573,310</u>	<u>57,550,198</u>	<u>56,063,806</u>	<u>1,486,392</u>
Excess of revenues over expenditures	82,721	251,429	1,704,023	1,452,594
Other financing sources (uses):				
Proceeds from sale of capital assets	-	-	29,500	(29,500)
Transfers in (out)	(66,314)	(66,314)	(74,128)	7,814
Total other financing sources (uses)	<u>(66,314)</u>	<u>(66,314)</u>	<u>(44,628)</u>	<u>(21,686)</u>
Net change in fund balances	16,407	185,115	1,659,395	1,430,908
Fund balances - beginning	<u>20,129,819</u>	<u>20,129,819</u>	<u>20,129,819</u>	<u>-</u>
Fund balances - ending	<u>\$ 20,146,226</u>	<u>\$ 20,314,934</u>	<u>\$ 21,789,214</u>	<u>\$ 1,430,908</u>

The accompanying notes are an integral part of this financial statement.

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Logan City School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

Reporting Entity

The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves the budget, levies taxes, issues bonds, and appoints a superintendent with administrative responsibilities encompassing all District educational activities and a business administrator who oversees fiscal activities.

As required by GAAP, these financial statements present the District and its component units, the Municipal Building Authority of Logan City School District (the Building Authority) and the Logan Schools Foundation (the Foundation), for which the District is considered to be financially accountable.

- The Building Authority is reported as a blended component unit within the governmental funds of the District. The Building Authority has the same board as the District and provides services exclusively to the District. Financial information for the Building Authority may be obtained at the District's administrative office.
- The Foundation is a nonprofit organization established under Internal Revenue Service regulations as a conduit for tax-deductible donations to the District. Even though the Foundation is legally separate, it is reported as if it were part of the District because the Foundation secures donations that exclusively benefit the District by providing additional funding for purposes within the District. The District makes all personnel decisions for the Foundation. The Foundation is presented as a special revenue fund of the District and does not issue separate financial statements.

Government-wide and Fund Financial Statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the government (the District). These statements include the financial activities of the overall District. The effect of interfund activity has been eliminated from the government-wide financial statements. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to a particular function. Depreciation expense for capital assets that can specifically be identified with a function are included in its direct expenses. Depreciation expense for "shared" capital assets (for example, a school building is used primarily for instructional, school administration, operation and maintenance of facilities, and school food services) are ratably included in the direct expenses of the appropriate functions. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Interest on general long-term liabilities is considered an indirect expense and is reported in the statement of activities as a separate line. Program revenues include 1) fees and charges paid by students and other

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

recipients of goods or services offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

The *fund financial statements* provide information about the District's funds. Separate statements for each fund category are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds (other governmental funds).

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.
- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *government-wide financial statements* are reported using the economic resources measurement focus. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within thirty days after year-end. Property taxes and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when the District receives cash. Expenditures generally are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and early retirement benefits, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt is reported as other financing sources.

Under the terms of grant agreements, the District finances certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Budgetary Data

The District operates within the budget requirements for school districts as specified by state law and as interpreted by the Utah State Superintendent of Public Instruction. Budgets are presented on the modified accrual basis of accounting for all governmental funds. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance commitment. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- By June 1 of each year, the District business administrator prepares a proposed annual budget (for the fiscal year beginning July 1) for all applicable funds. The budget is presented to the Board of Education by the superintendent. This budget includes proposed expenditures and the means of financing them. Also included is a final budget for the current fiscal year ending June 30.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.
- If the District does not exceed the certified property tax rate, a public hearing is held prior to June 30 at which time the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when additional data is available to set the rates.
- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent, can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2022, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Deposits and Investments

The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. Investments of the District are reported at fair value at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Inventories

Inventories are valued at cost or, if donated, at fair value when received, stated at the lower of average cost or market. Inventories of governmental funds are recorded as expenditures when used. Donated food commodities are recorded as revenue when received. Inventories reported in the governmental funds are equally offset by a nonspendable portion of fund balance, indicating they are not expected to be converted to cash.

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Capital Assets

Capital assets, which include land, construction in progress, buildings, and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$10,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of an asset or significantly extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized. Buildings and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10 - 40
Equipment	5 - 15

Unearned Revenue

Unearned revenue for the District represents amounts received on grants whose purpose restrictions have not yet been met. Revenue is recognized on restricted grants only when all restrictions on those funds are satisfied.

Pensions

For purposes of measuring the net pension liability (asset), 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) and additions to/deductions from the URS's fiduciary net position have been determined on the same basis as they are reported by the URS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Pension plan investments are reported at fair value.

Compensated Absences

Under terms of association agreements, eligible employees earn vacation or personal days and sick leave in amounts varying with tenure and classification. All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements.

Leave eligible employees who work from 5.75 hours to 8 hours per day, earn vacation or personal days ranging from 4 to 14 days per year depending upon length of service. Classified employees who retire or leave the district are not paid for unused vacation. Administrators and licensed personnel have the option of converting personal days in excess of 3 to 5 days to either their 401(k) account or receive a payout amount equal to the cost of a certified substitute for unused days.

Classified employees who earn vacation are allowed to carryover 3 days per year with a maximum ranging from 10 to 17 days. Administrators and licensed personnel with less than 15 years of experience carry over 3 personal days with a maximum ranging from 7 to 12 days. Administrators and licensed personnel with 15 or more years of experience accumulate an unlimited number of personal days.

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

Employees who are retiring or leaving the district receive a sick leave payout for unused time.

Administrators and licensed personnel receive a payout based on years of service at a rate of .0021 times the third increment of the current salary schedule for up to a maximum of 150 days. Classified employees are paid 25 percent of unused sick leave at their final contract hourly wage with a maximum of 120 days.

Early Retirement

The District's employees who meet certain requirements can request to retire under an early retirement program. This program provides for stipends and health insurance coverage for the retiree for a maximum of four years or until the retiree becomes eligible to receive full social security benefits. For the early retirement program, a liability and expense are recorded in the government-wide financial statements at the time the employee elects to retire early; expenditures are recorded in the governmental funds as the District pays the benefit.

Long-Term Liabilities

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

In the fund financial statements, governmental funds recognize bond premiums and discounts 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.

Deferred Outflows of Resources

In addition to assets, financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

Deferred Inflows of Resources

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position/Fund Balances

The residual of all other elements presented in a statement of net position is *net position* on the government-wide and proprietary fund financial statements and the residual of all other elements presented in a balance sheet on the governmental fund financial statements is *fund balance*.

Net position is divided into three components: net investment in capital assets (capital assets net of related debt less unspent bond proceeds), restricted, and unrestricted. Net position is reported as restricted when constraints are placed upon it by external parties or are imposed by constitutional provisions or enabling legislation.

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

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 cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories and prepaid expenditures are classified as nonspendable.

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 unspent tax revenue for specific purposes (capital projects and debt service) and amounts in other governmental funds (school food services and Foundation).

Committed – This category includes amounts that can only be used for specific purposes established by formal action of the District’s highest level of decision-making authority. The Board of Education is the highest level of decision making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation. The Board of Education 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.”

Assigned – This category includes amounts to be used by the District for specific purposes but do not meet the criteria to be classified as committed. The Board has authorized the business administrator to assign fund balances. The Board may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment. The District has assigned *general fund* resources that are to be used for termination benefits and unrestricted school programs. Also, residual balances in other governmental funds are classified as assigned fund balance.

Unassigned – Residual balances in the *general fund* are classified as unassigned.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Net Position/Fund Balance Flow Assumption

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report in each category of net position and fund balance, a flow assumption must be made about the order in which the resources are considered to be applied.

Net position – It is the District’s policy to consider restricted net position to have been depleted before unrestricted net position.

Fund balance – It is the District’s policy to consider restricted fund balance to have been depleted before using any components of unrestricted fund balance. Further, when 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.

NOTE 2 – DEPOSITS AND INVESTMENTS

Deposits and investments are carried at fair value. A reconciliation of cash and investments at June 30, 2022, as shown on the financial statements, is as follows:

Carrying amount of deposits	\$ 1,586,324
Carrying amount of investments	<u>37,113,643</u>
Total	<u><u>\$ 38,699,967</u></u>

The District follows the requirements of the State Money Management Act (Title 51, Chapter 7) (the Act) and related Rules of the Money Management Council (the Council) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers’ Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, first-tier commercial paper, banker’s acceptances, repurchase agreements, corporate bonds, money market mutual funds, and obligations of governmental entities within the State of Utah.

The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. The District considers the rules and actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits.

Rules of the Council allow the Foundation to invest private grants, contributions, and endowments in any deposit or investment authorized by the Act and certain investment funds, equity securities, fixed-income securities, and investment strategies with institutions that meet certain restrictions.

Deposits

At June 30, 2022, the District and the Foundation have the following deposits with financial institutions:

	<u>Carrying Amount</u>	<u>Bank Balance</u>	<u>Amount Insured</u>
Logan City School District	\$ 1,443,407	\$ 2,156,224	\$ 708,918
Logan Schools Foundation	<u>142,917</u>	<u>220,495</u>	<u>220,495</u>
Total deposits	<u><u>\$ 1,586,324</u></u>	<u><u>\$ 2,376,719</u></u>	<u><u>\$ 929,413</u></u>

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Custodial Credit Risk – Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government’s deposits may not be returned to it. The District does not have a formal deposit policy for custodial credit risk. At June 30, 2022, the uninsured amount of the District’s and Foundation’s bank deposits was uncollateralized nor is it required by state law.

Investments

The District’s investments are with the PTIF. The Foundation has investments separate from the District and invests private funds through brokers.

The PTIF is an external local government investment pool managed by the Utah State Treasurer. The PTIF is authorized and makes investments in accordance with the Act. The Council provides regulatory oversight for the PTIF. Participant accounts with the PTIF are not insured or otherwise guaranteed by the State of Utah. Participants in the PTIF share proportionally in the income, costs, gains, and losses from investment activities. The degree of risk of the PTIF depends upon the underlying portfolio, which consists of debt securities held by the state or in the state’s name by the state’s custodial banks, including investment-grade corporate bonds and notes, money market mutual funds, first-tier commercial paper, and certificates of deposit. The portfolio has a weighted average maturity of less than 90 days. The majority of the PTIF’s corporate bonds and notes are variable-rate securities, which reset every three months to the prevailing market interest rates. The PTIF is not rated. The PTIF has no debt securities with more than 5% of its total investments in a single issuer. The reported value of the pool is the same as the fair value of the pool shares.

At June 30, 2022, the District and the Foundation have the following investments summarized by investment type and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	5-10	More Than 10
Logan City School District:					
Utah Public Treasurers' Investment Fund (PTIF)	\$ 36,259,681	\$ 36,259,681	\$ -	\$ -	\$ -
Logan Schools Foundation:					
Utah Public Treasurers' Investment Fund (PTIF)	136,607	136,607	-	-	-
Certificates of deposit	236,048	236,048	-	-	-
Equity securities	32,905	32,905	-	-	-
Mutual funds	259,149	259,149	-	-	-
Municipal bonds	189,253	-	189,253	-	-
Total Logan Schools Foundation	853,962	664,709	189,253	-	-
Total investments	\$ 37,113,643	\$ 36,924,390	\$ 189,253	\$ -	\$ -

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 manages its exposure to interest rate risk by complying with the Act, which requires that the remaining term to maturity of investments to not exceed the period of availability of the funds invested. Except for endowments, the Act further limits the remaining term to maturity on all investments in commercial paper and bankers’ acceptances to 270 days or less and fixed-income securities to 365 days or less. In addition, variable-rate securities may not have a remaining term to final maturity exceeding two years.

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Notes to Basic Financial Statements

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 Act and related rules. The Act and related rules limit investments in commercial paper to a first tier rating and investments in fixed-income and variable-rate securities to a rating of A or higher as rated by Moody’s Investors Service, Inc. or by Standard and Poor’s Corporation at the time of purchase.

At June 30, 2022, the District has \$36,259,681 invested in the PTIF.

At June 30, 2022, the Foundation has \$189,253 invested in municipal bonds rated AA and A3 or higher by Standard & Poor’s and Moody’s Investors Service, Inc., respectively. In addition, the Foundation has, \$136,607 invested in the PTIF, \$236,048 invested in certificates of deposits, \$32,905 invested in equity securities, and \$259,149 invested in mutual funds of which all are unrated.

Concentration of Credit Risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The District’s policy for managing this risk is to comply with the Act and related rules. The Act limits investments in commercial paper and corporate obligations to 5.0 percent of the District’s total portfolio with a single issuer.

Custodial Credit Risk – Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The District’s policy for managing this risk is to comply with the Act and related rules.

NOTE 3 – FAIR VALUE MEASUREMENTS

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

The District and Foundation have the following recurring fair value measurements as of June 30, 2022:

- Utah Public Treasurers’ Investment Fund position of \$36,396,288, is valued at the District’s and Foundation’s position multiplied by the published fair value factor (Level 2 inputs).
- Certificates of deposit of \$236,048 are valued at the original amount deposited at the financial institution plus interest earned on the certificate through the end of the fiscal year (Level 2 inputs).
- Equity securities of \$32,905 are valued using quoted market prices (Level 1 inputs).
- Mutual funds of \$259,149 are valued at the daily closing price as reported by the fund (Level 1 inputs).
- Municipal bonds of \$189,253 are valued using a matrix pricing model (Level 2 inputs).

LOGAN CITY SCHOOL DISTRICT

Notes to Basic Financial Statements

NOTE 4 – PROPERTY TAXES

District Property Taxes

The property tax revenue of the District is collected and distributed by the Cache County Treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 (the legal lien date) and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. An annual uniform fee based on the value of motor vehicles is levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5 percent of the fair market statewide value of the property, as established by the State Tax Commission. Legislation requires motor vehicles be subject to an “age-based” fee that is due each time a vehicle is registered. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when collected.

As of June 30, 2022, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2022 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

Pass-Through Taxes

In addition to property taxes the District levies for its own purposes, the District levies property taxes for redevelopment agencies (located within the boundaries of the District) in accordance with the Community Development and Renewal Agencies Act (*Utah Code 17C-1*) and charter schools (based on students who live within the District’s boundaries and are enrolled in charter schools). These taxes are forwarded directly by the County to the redevelopment agencies and to the state charter school levy account as these taxes are collected by the County.

Property tax revenue (or incremental taxes) from increased assessed values within project areas are earmarked to finance urban renewal, economic development, and community development projects managed by the redevelopment agencies for the duration of the projects.

During the year ended June 30, 2022, incremental taxes levied by the District for redevelopment agencies and charter schools totaled \$1,217,858 and \$686,621, respectively. These were recorded as revenue with an equivalent amount of expenditure in the other governmental funds (the *pass-through taxes fund*).

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,526,646	\$ -	\$ -	\$ 4,526,646
Construction in progress	28,885,290	8,519,031	(1,257,253)	36,147,068
Total capital assets not being depreciated	33,411,936	8,519,031	(1,257,253)	40,673,714
Capital assets being depreciated:				
Buildings and improvements	121,641,140	2,949,479	-	124,590,619
Equipment	4,865,168	472,831	(218,010)	5,119,989
Total capital assets being depreciated	126,506,308	3,422,310	(218,010)	129,710,608
Accumulated depreciation for:				
Buildings and improvements	(55,573,332)	(3,202,049)	-	(58,775,381)
Equipment	(3,627,686)	(330,932)	147,390	(3,811,228)
Total accumulated depreciation	(59,201,018)	(3,532,981)	147,390	(62,586,609)
Total capital assets being depreciated, net	67,305,290	(110,671)	(70,620)	67,123,999
Governmental activity capital assets, net	<u>\$ 100,717,226</u>	<u>\$ 8,408,360</u>	<u>\$ (1,327,873)</u>	<u>\$ 107,797,713</u>

For the year ended June 30, 2022, depreciation expense was charged to functions of the District as follows:

Governmental activities:	
Instruction	\$ 2,402,427
Supporting services:	
Student	211,979
Instructional staff	141,319
General administration	70,660
School administration	176,649
Central	141,319
Operation and maintenance of facilities	105,989
Community services	35,330
School food services	247,309
Total depreciation expense	<u>\$ 3,532,981</u>

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

The District is obligated at June 30, 2022 under construction commitments as follows:

Project	Project Authorized	Costs to Date	Costs to Complete
Hillcrest Elementary	\$ 17,799,084	\$ 17,490,722	\$ 308,362
Early Childhood Center	322,310	260,510	61,800
Ellis Elementary	18,072,021	18,002,944	69,077
Other projects	800,000	392,892	407,108
Total	<u>\$ 36,993,415</u>	<u>\$ 36,147,068</u>	<u>\$ 846,347</u>

Construction commitments will be paid by the *capital projects fund*.

NOTE 6 – STATE RETIREMENT PLANS

Description of Plans

Eligible employees of the District are provided with the following plans through the Utah Retirement Systems (URS) administered by the URS:

Defined Benefit Pension Plans (cost-sharing, multiple-employer plans):

- *Public Employees Noncontributory Retirement System* (Tier 1 Noncontributory System)
- *Public Employees Contributory Retirement System* (Tier 1 Contributory System)
- *Tier 2 Hybrid Public Employees Contributory Retirement System* (Tier 2 Contributory System)

Defined Contribution Plans (individual account plans):

- *401(k) Plan* (includes the Tier 2 Defined Contribution Plan)
- *457 Plan* and other individual plans

District employees qualify for membership in the retirement systems if a) employment, contemplated to continue during a fiscal or calendar year, normally requires an average of 20 or more hours per week and the employee receives benefits normally provided by the District as approved by the Utah State Retirement Board, b) the employee is a classified school employee whose employment normally requires an average of 20 hours or more per week regardless of benefits, c) the employee is a teacher who teaches half-time or more and receives benefits normally provided by the District as approved by the Utah State Retirement Board, or d) the employee is an appointed officer.

Title 49 of the *Utah Code* grants the authority to establish and amend the benefit terms to the Utah State Retirement Board, whose members are appointed by the Governor. The URS (a component unit of the State of Utah) issues a publicly available financial report that can be obtained at www.urs.org.

The Tier 2 systems 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 systems, are members of the Tier 2 systems.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Benefits Provided

The URS provides retirement, disability, and death benefits to participants in the defined benefit pension plans.

Retirement benefits in the defined benefit pension plans are determined from 1.50% to 2.00% of the employee’s highest 3 or 5 years of compensation times the employee’s years of service depending on the pension plan; benefits are subject to cost-of-living adjustments up to 2.50% or 4.00%, limited to the actual Consumer Price Index increase for the year. Employees are eligible to retire based on years of service and age.

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made, except Tier 2 required contributions and associated earnings are vested during the first four years of employment. If an employee terminates prior to the vesting period, employer contributions and associated earnings for that employee are subject to forfeiture. Forfeitures are used to cover a portion of the plan’s administrative expenses paid by participants. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

Contributions

As a condition of participation in the plans, 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.

For the year ended June 30, 2022, required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates				Totals
	District Contribution *	Amortization of UAAL **	Paid by District for Employee	District Rates for 401(k) Plan	
Tier 1 Noncontributory System	12.25%	9.94%	-	1.50%	23.69%
Tier 1 Contributory System	5.45%	12.25%	6.00%	-	23.70%
Tier 2 Contributory System	9.19%	9.94%	-	0.89%	20.02%
Tier 2 Defined Contribution Plan	0.08%	9.94%	-	10.00%	20.02%

* District contribution includes 0.08% of covered-employee payroll of the Tier 2 plans for death benefits.

** Required contributions include an additional amount to finance any unfunded actuarial accrued liability in the Tier 1 plans.

Employees can make additional contributions to defined contribution plans subject to limitations.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

For the year ended June 30, 2022, District and employee contributions to the plans were as follows:

	<u>District</u> <u>Contributions *</u>	<u>Employee</u> <u>Contributions</u>
Tier 1 Noncontributory System	\$ 3,548,690	\$ -
Tier 2 Contributory System	1,851,065	-
Tier 2 Defined Contribution Plan	326,057	-
401(k) Plan	648,688	438,231
457 Plan and other individual plans	-	151,170

* A portion of required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability in the Tier 1 plans.

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

At June 30, 2022, the District reported a net pension asset of \$4,881,926 and no net pension liability for its proportionate share of the net pension liability (asset) for the following plans:

	<u>Net Pension</u> <u>Asset</u>	<u>Net Pension</u> <u>Liability</u>
Tier 1 Noncontributory System	\$ 4,671,206	\$ -
Tier 2 Contributory System	210,720	-
Total	<u>\$ 4,881,926</u>	<u>\$ -</u>

The net pension liability (asset) was measured as of December 31, 2021, and the total pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation as of January 1, 2021, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of its actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2021 and the change in its proportion since the prior measurement date for each plan:

	<u>Proportionate Share</u>	
	<u>2021</u>	<u>Change</u>
Tier 1 Noncontributory System	0.6836802%	0.0427534 %
Tier 2 Contributory System	0.4978778%	0.0160500 %

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

For the year ended June 30, 2022, the District recognized pension expense for the plans as follows:

	<u>Pension Expense</u>
Defined benefit pension plans:	
Tier 1 Noncontributory System	\$ (2,003,795)
Tier 2 Contributory System	<u>732,292</u>
Total	<u><u>\$ (1,271,503)</u></u>
Defined contribution plans:	
Tier 2 Defined Contribution Plan	\$ 326,057
401(k) Plan	<u>648,688</u>
Total	<u><u>\$ 974,745</u></u>

At June 30, 2022, the District reported deferred outflows of resources related to defined benefit pension plans from the following sources:

	<u>Deferred Outflows of Resources Related to Pensions</u>		
	Tier 1	Tier 2	Total
	Noncontributory System	Contributory System	
Differences between expected and actual experience	\$ 2,801,981	\$ 102,372	\$ 2,904,353
Changes of assumptions	1,821,446	196,481	2,017,927
Changes in proportion and differences between District contributions and proportionate share of contributions	717,216	120,050	837,266
Contributions subsequent to the measurement date	<u>1,802,806</u>	<u>1,115,216</u>	<u>2,918,022</u>
Total	<u><u>\$ 7,143,449</u></u>	<u><u>\$ 1,534,119</u></u>	<u><u>\$ 8,677,568</u></u>

At June 30, 2022, the District reported deferred inflows of resources related to defined benefit pension plans from the following sources:

	<u>Deferred Inflows of Resources Related to Pensions</u>		
	Tier 1	Tier 2	Total
	Noncontributory System	Contributory System	
Differences between expected and actual experience	\$ -	\$ 27,150	\$ 27,150
Changes of assumptions	-	1,992	1,992
Net difference between projected and actual earnings on pension plan investments	18,839,452	520,663	19,360,115
Changes in proportion and differences between District contributions and proportionate share of contributions	<u>388,213</u>	<u>-</u>	<u>388,213</u>
Total	<u><u>\$ 19,227,665</u></u>	<u><u>\$ 549,805</u></u>	<u><u>\$ 19,777,470</u></u>

The \$2,918,022 reported as deferred outflows of resources related to pensions resulting from our contributions subsequent to the measurement date of December 31, 2021 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2023. The other amounts reported

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

Year Ending June 30,	Tier 1 Noncontributory System	Tier 2 Contributory System	Total
2023	\$ (2,144,248)	\$ (97,243)	\$ (2,241,491)
2024	(4,364,430)	(124,831)	(4,489,261)
2025	(4,246,440)	(90,393)	(4,336,833)
2026	(3,131,904)	(51,797)	(3,183,701)
2027	-	41,309	41,309
Thereafter	-	192,053	192,053

Actuarial Assumptions

The total pension liability in the January 1, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the January 1, 2021 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2019. Assumptions remained unchanged that affect measurement of the total pension liability (asset) since the prior measurement date.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

The long-term expected rate of return on defined benefit 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	Target Allocation	Long-Term Expected Real Rate of Return
Equity securities	37%	2.43%
Debt securities	20%	(0.06)%
Real assets	15%	0.87%
Private equity	12%	1.18%
Absolute return	16%	0.47%
Cash and cash equivalents	0%	0.00%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability (asset) 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, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the plans' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of the District's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.85%, as well as what the District's proportionate share of the net pension liability (asset) 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:

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension (asset) liability:			
Tier 1 Noncontributory System	\$ 16,775,913	\$ (4,671,206)	\$ (22,601,151)
Tier 2 Contributory System	<u>1,255,519</u>	<u>(210,720)</u>	<u>(1,336,488)</u>
Total	<u>\$ 18,031,432</u>	<u>\$ (4,881,926)</u>	<u>\$ (23,937,639)</u>

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Pension Plan Fiduciary Net Position

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

Payables to the Pension Plans

At June 30, 2022, the District reported payables of \$791,788 for contributions to defined benefit pension plans and defined contribution plans.

NOTE 7 – RISK MANAGEMENT

The District maintains insurance coverage for general, automobile, personal injury, errors and omissions, employee dishonesty, and malpractice liability up to \$10.0 million per occurrence through policies administered by the Utah State Risk Management Fund. The District pays an annual premium to the Fund. The District also insures buildings, including those under construction, and contents against all insurable risks of direct physical loss or damage with the Utah State Risk Management Fund. This all-risk insurance coverage provides for repair or replacement of damaged property at a replacement cost basis subject to a deductible of \$1,000 per occurrence. Settled claims have not exceeded the District’s insurance coverage for any of the past three years. The District also maintains a public treasurer’s fidelity bond with the Utah State Risk Management Fund.

All employees are covered for workers compensation by the Utah School Boards Risk Management Mutual Association. Unemployment insurance is covered by us on a pay-as-you-go basis. Settled claims for the past three years have been insignificant.

NOTE 8 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds payable	\$ 50,195,000	\$ -	\$ (1,895,000)	\$ 48,300,000	\$ 1,990,000
Bond issuance premiums	3,486,644	-	(245,964)	3,240,680	-
Net general obligation bonds	53,681,644	-	(2,140,964)	51,540,680	1,990,000
Lease revenue bonds payable	4,847,000	-	(669,000)	4,178,000	692,000
Note payable from direct borrowing	4,788,732	-	(466,758)	4,321,974	475,151
Early retirement	1,596,991	271,597	(761,045)	1,107,543	511,143
Compensated absences	1,765,208	508,748	(651,386)	1,622,570	811,285
Lease	23,510	-	(23,510)	-	-
Net pension liability	8,613,635	(2,886,729)	(5,726,906)	-	-
Total governmental activity long-term liabilities	<u>\$ 75,316,720</u>	<u>\$ (2,106,384)</u>	<u>\$ (10,439,569)</u>	<u>\$ 62,770,767</u>	<u>\$ 4,479,579</u>

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

General Obligation Bonds

The District issues general obligation bonds to provide funds for the construction of new facilities, acquisition of property, renovation and improvement of facilities, and procurement of school equipment. General obligation bonds are direct obligations and pledge the full faith and credit of the taxpayers in the District. Payments on the general obligation bonds are made by the *debt service fund* from property taxes levied for debt service.

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 1,990,000	\$ 1,850,481	\$ 3,840,481
2024	2,090,000	1,750,981	3,840,981
2025	2,195,000	1,646,481	3,841,481
2026	2,285,000	1,555,781	3,840,781
2027	2,400,000	1,441,531	3,841,531
2028-2032	13,750,000	5,457,806	19,207,806
2033-2037	16,275,000	2,923,481	19,198,481
2038-2039	7,315,000	367,763	7,682,763
Total	<u>\$ 48,300,000</u>	<u>\$ 16,994,305</u>	<u>\$ 65,294,305</u>

General obligation school building bonds payable at June 30, 2022 with their outstanding balances are comprised of the following individual issues:

General obligation bonds

	Interest Rates	Outstanding Amount
\$35,500,000 general obligation bonds, issued December 18, 2014, maturing June 15, 2035	3.00 to 5.00%	\$ 29,520,000
\$19,500,000 general obligation bonds, issued March 6, 2019, maturing June 15, 2039	3.25 to 5.00%	<u>18,780,000</u>
Total outstanding general obligation bonds payable at June 30, 2022		<u>\$ 48,300,000</u>

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

Lease Revenue Bonds

The Municipal Building Authority of Logan City School District issues lease revenue bonds to finance improvements to schools. In July 2021, the District renegotiated the interest rates on the bonds. Amounts presented have been updated to reflect the changes. The annual requirements to amortize the lease revenue bonds outstanding as of June 30, 2022, including interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 692,000	\$ 64,692	\$ 756,692
2024	617,000	56,320	673,320
2025	300,000	48,598	348,598
2026	304,000	45,148	349,148
2027	308,000	41,348	349,348
2028-2032	1,615,000	133,488	1,748,488
2033	342,000	8,037	350,037
Total	<u>\$ 4,178,000</u>	<u>\$ 397,630</u>	<u>\$ 4,575,630</u>

Lease revenue bonds payable at June 30, 2022 with their outstanding balances are comprised of the following individual issues:

	Interest Rates	Outstanding Amount
\$6,906,000 lease revenue bonds, series 2008, maturing April 1, 2024	1.44%	\$ 716,000
\$4,826,000 lease revenue bonds, series 2017, maturing April 1, 2033	0.75% to 2.35%	<u>3,462,000</u>
Total outstanding lease revenue bonds payable at June 30, 2022		<u>\$ 4,178,000</u>

The District budgets and services the lease revenue bonds obligation from the *capital projects fund*.

Notes Payable from Direct Borrowing

In November 2020, the District issued a note payable from direct borrowing to help finance the construction of an elementary school. Proceeds from the note totaled \$5,020,000; the note bears an interest rate of 1.8%. The note is payable in annual installments of \$550,397 for 10 years with a final maturity in November 2030. The note contains a provision that in the event of default, the financing institution may take possession of and sublease the property to another entity. The financing institution may hold the District liable for the difference between the payments due on the note and rents received from sublease.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

The payment schedule for this note is as follows:

Year Ending June 30,	Principal	Interest	Total
2023	\$ 475,151	\$ 75,246	\$ 550,397
2024	483,694	66,703	550,397
2025	492,391	58,006	550,397
2026	501,244	49,153	550,397
2027	510,257	40,140	550,397
2028-2031	1,859,237	67,154	1,926,391
Total	<u>\$ 4,321,974</u>	<u>\$ 356,402</u>	<u>\$ 4,678,376</u>

Early Retirement

The District provides an early retirement incentive program. Eligibility is restricted to those employees with a minimum of 20 years prior service within the District, and who meet the eligibility requirements for and will be receiving URS benefits. Eligible retirees receive amounts based on age and classification. These amounts are paid out over a period of up to four consecutive years. In addition to early retirement compensation, the District provides medical insurance coverage to qualified early retirees up to four years or age 65, whichever comes sooner. The District’s payments for these benefits totaled \$761,045 for the year ended June 30, 2022. Future retirement payments for employees who have elected early retirement are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid from the fund from which the employee retires.

NOTE 9 – LITIGATION AND LEGAL COMPLIANCE

At certain time, claims and lawsuits are pending in which the District is involved. The District’s counsel and insurance carriers estimate that the District’s potential obligation resulting from such claims or litigation would not materially affect the financial statements of the District.

All fund balances are positive at June 30, 2022. Fund expenditures are within budgeted amounts during the year ended June 30, 2022.

NOTE 10 – GRANTS

The District receives significant financial assistance from federal and state governmental agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the District’s independent auditors and other governmental auditors. Any disallowed claims resulting from such audits could become a liability of the *general fund* or other applicable fund. Based on prior experience, District administration believes such disallowance, if any, would be immaterial.

NOTE 11 – TRANSFERS

The District transferred \$74,128 during the year ended June 30, 2022 from the *general fund* to other governmental funds to help support student programs.

LOGAN CITY SCHOOL DISTRICT

Schedules of the District's Proportionate Share of the Net Pension Liability (Asset) –

Utah Retirement Systems

Last Eight Plan (Calendar) Years

	District's Proportion of Net Pension Liability (Asset)	District's Proportionate Share of the Net Pension Liability (Asset)	District's Covered Payroll	District's 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 Pension Liability
Tier 1 Noncontributory System:					
2021	0.6836802 %	\$ (4,671,206)	\$ 16,179,222	(28.87)%	102.7 %
2020	0.6409268 %	8,544,335	14,985,483	57.02 %	94.3 %
2019	0.6757713 %	15,013,623	15,956,785	94.09 %	90.1 %
2018	0.6178510 %	22,987,260	16,005,859	143.62 %	84.1 %
2017	0.6164252 %	15,073,829	15,735,779	95.79 %	89.2 %
2016	0.6327430 %	20,506,675	16,419,635	124.89 %	84.9 %
2015	0.6434373 %	20,212,208	16,793,652	120.36 %	84.5 %
2014	0.6210111 %	15,603,084	16,698,625	93.44 %	87.2 %
Tier 1 Contributory System:					
2021	0.0000000 %	\$ -	\$ -	0.00 %	0.0 %
2020	0.0000000 %	-	-	0.00 %	0.0 %
2019	0.9357411 %	64,602	104,395	61.88 %	98.9 %
2018	0.7645550 %	551,286	150,689	365.84 %	91.4 %
2017	0.5976242 %	39,326	135,976	28.92 %	99.2 %
2016	0.4921531 %	269,679	131,930	204.41 %	93.4 %
2015	0.4020582 %	251,951	127,363	197.82 %	92.4 %
2014	0.3437181 %	37,688	126,077	29.89 %	98.7 %
Tier 2 Contributory System:					
2021	0.4978778 %	\$ (210,720)	\$ 9,285,455	(2.27)%	103.8 %
2020	0.4818278 %	69,300	7,717,432	0.90 %	98.3 %
2019	0.5052782 %	113,641	7,030,985	1.62 %	96.5 %
2018	0.4400608 %	188,469	5,163,642	3.65 %	90.8 %
2017	0.4774572 %	42,096	4,694,880	0.90 %	97.4 %
2016	0.5090727 %	56,787	4,174,819	1.36 %	95.1 %
2015	0.5330405 %	(1,164)	3,442,116	(0.03)%	100.2 %
2014	0.5209576 %	(15,787)	2,549,232	(0.62)%	103.5 %

LOGAN CITY SCHOOL DISTRICT
Schedules of District Contributions – Utah Retirement Systems
Last Eight Reporting (Fiscal) Years

	<u>Contractually Required Contribution</u>	<u>Contributions in Relation to the Contractually Required Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>District's Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
Tier 1 Noncontributory System:					
2022	\$ 3,548,690	\$ 3,548,690	\$ -	\$ 16,055,071	22.10 %
2021	3,507,249	3,507,249	-	15,854,235	22.12 %
2020	3,504,504	3,504,504	-	15,831,119	22.14 %
2019	3,536,125	3,536,125	-	15,951,409	22.17 %
2018	3,446,829	3,446,829	-	15,529,725	22.20 %
2017	3,516,116	3,516,116	-	15,839,879	22.20 %
2016	3,717,497	3,717,497	-	16,830,936	22.09 %
2015	3,636,109	3,636,109	-	16,740,018	21.72 %
Tier 1 Contributory System:					
2022	\$ -	\$ -	\$ -	\$ -	0.00 %
2021	-	-	-	-	0.00 %
2020	4,182	4,182	-	23,628	17.70 %
2019	28,482	28,482	-	160,914	17.70 %
2018	24,687	24,687	-	139,476	17.70 %
2017	23,523	23,523	-	132,898	17.70 %
2016	23,091	23,091	-	130,458	17.70 %
2015	27,308	27,308	-	161,073	16.95 %
2015	27,308	27,308	-	161,074	16.95 %
Tier 2 Contributory System:					
2022	\$ 1,851,065	\$ 1,851,065	\$ -	\$ 9,579,879	19.32 %
2021	1,576,159	1,576,159	-	8,327,641	18.93 %
2020	1,487,645	1,487,645	-	7,890,282	18.85 %
2019	1,153,983	1,153,983	-	6,165,611	18.72 %
2018	851,992	851,992	-	4,638,683	18.37 %
2017	932,393	932,393	-	5,117,972	18.22 %
2016	752,015	752,015	-	4,122,066	18.24 %
2015	591,520	591,520	-	3,347,053	17.67 %
Tier 2 Defined Contribution Plan:					
2022	\$ 326,057	\$ 326,057	\$ -	\$ 3,226,001	10.11 %
2021	284,882	284,882	-	2,742,195	10.39 %
2020	169,306	169,306	-	1,657,592	10.21 %
2019	115,258	115,258	-	1,150,282	10.02 %
2018	129,861	129,861	-	1,213,095	10.70 %
2017	53,654	53,654	-	535,464	10.02 %
2016	64,089	64,089	-	639,299	10.02 %
2015	28,109	28,109	-	285,393	9.85 %

LOGAN CITY SCHOOL DISTRICT
Notes to Required Supplementary Information

NOTE A – CHANGES IN ASSUMPTIONS – UTAH RETIREMENT SYSTEMS

Amounts reported in plan year 2021 reflect the following assumption changes adopted from the January 1, 2021 valuation:

- The investment return assumption was decreased from 6.95% to 6.85%.

Amounts reported in plan year 2020 reflect the following assumption changes adopted from the January 1, 2020 valuation:

- The payroll growth assumption decreased from 3.00% to 2.90%.
- Other assumptions that were modified: retirement rates, termination rates, disability rates, rate of salary increase, and pre and post retirement mortality tables.

Amounts reported in plan years 2019 and 2018 remain unchanged from the 2017 year.

Amounts reported in plan year 2017 reflect the following assumption changes adopted from the January 1, 2017 valuation:

- The investment return assumption was decreased from 7.20% to 6.95%.
- The inflation assumption decreased from 2.60% to 2.50%.
- The life expectancy assumption increased for most groups.
- The wage inflation assumption decreased from 3.35% to 3.25%.
- The payroll growth assumption decreased from 3.10% to 3.00%

Amounts reported in plan year 2016 reflect the following assumption changes adopted from the January 1, 2016 valuation:

- The investment return assumption was decreased from 7.50% to 7.20%.
- The inflation assumption decreased from 2.75% to 2.60%.
- Both the payroll growth and wage inflation assumptions were decreased by 0.15%.

Amounts reported in plan year 2015 reflect the following assumption changes adopted from the January 1, 2015 valuation:

- The wage inflation assumption for all employee groups was decreased from 3.75% to 3.50%.
- The payroll growth assumption was decreased from 3.50% to 3.25%.
- Other assumptions that were modified: rate of salary increases, post retirement mortality, and certain demographics.

NOTE B – SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2014 and subsequent measurement periods of the plans; prior-year information is not available.

LOGAN CITY SCHOOL DISTRICT
Notes to Basic Financial Statements

NOTE C – SCHEDULES OF DISTRICT CONTRIBUTIONS – UTAH RETIREMENT SYSTEMS

These schedules only present information for the 2015 and subsequent reporting periods of the plans; prior-year information is not available.

Contributions as a percentage of covered payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. A portion of the required contributions in the Tier 2 plans is used to finance the unfunded actuarial accrued liability of the Tier 1 plans.

LOGAN CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

General Fund

Year Ended June 30, 2022 with Comparative Totals for 2021

	2022			2021
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 17,141,203	\$ 17,555,155	\$ 413,952	\$ 16,385,593
Earnings on investments	100,000	172,815	72,815	117,452
Other local revenues	1,437,900	617,542	(820,358)	460,743
State	30,248,325	28,984,810	(1,263,515)	29,563,796
Federal	8,874,199	10,437,507	1,563,308	6,273,567
Total revenues	57,801,627	57,767,829	(33,798)	52,801,151
Expenditures:				
Current:				
Salaries	32,012,362	31,782,997	229,365	30,114,935
Employee benefits	13,201,670	13,009,530	192,140	12,935,591
Purchased professional services	2,204,142	2,354,075	(149,933)	2,333,932
Purchased property services	944,329	1,522,317	(577,988)	477,071
Other purchased services	2,245,743	2,354,630	(108,887)	2,008,415
Supplies	3,120,059	2,753,989	366,070	3,652,495
Property	1,032,810	2,016,268	(983,458)	853,745
Other objects	2,789,083	270,000	2,519,083	77,897
Total expenditures	57,550,198	56,063,806	1,486,392	52,454,081
Excess of revenues over expenditures	251,429	1,704,023	1,452,594	347,070
Other financing sources (uses):				
Proceeds from sale of capital assets	-	29,500	(29,500)	4,850
Transfers in (out)	(66,314)	(74,128)	(7,814)	(131,265)
Total other financing sources (uses)	(66,314)	(44,628)	(37,314)	(126,415)
Net change in fund balances	185,115	1,659,395	1,415,280	220,655
Fund balances - beginning	20,129,819	20,129,819	-	19,909,164
Fund balances - ending	\$ 20,314,934	\$ 21,789,214	\$ 1,415,280	\$ 20,129,819

LOGAN CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Debt Service Fund

Year Ended June 30, 2022 with Comparative Totals for 2021

	2022			2021
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property taxes	\$ 3,653,493	\$ 3,808,896	\$ 155,403	\$ 3,683,119
Earnings on investments	15,000	15	(14,985)	6,166
Total revenues	<u>3,668,493</u>	<u>3,808,911</u>	<u>140,418</u>	<u>3,689,285</u>
Expenditures:				
Debt service:				
Bond principal	1,895,000	1,895,000	-	1,805,000
Bond interest and fiscal charges	1,960,231	1,952,182	8,049	2,041,705
Total expenditures	<u>3,855,231</u>	<u>3,847,182</u>	<u>8,049</u>	<u>3,846,705</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(186,738)	(38,271)	148,467	(157,420)
Fund balances - beginning	<u>1,031,487</u>	<u>1,031,487</u>	<u>-</u>	<u>1,188,907</u>
Fund balances - ending	<u><u>\$ 844,749</u></u>	<u><u>\$ 993,216</u></u>	<u><u>\$ 148,467</u></u>	<u><u>\$ 1,031,487</u></u>

LOGAN CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Capital Projects Fund

Year Ended June 30, 2022 with Comparative Totals for 2021

	2022			2021
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Property taxes	\$ 6,198,431	\$ 6,383,708	\$ 185,277	\$ 6,319,560
Earnings on investments	70,000	11,879	(58,121)	87,875
Other local	300,000	-	(300,000)	12,042
Total revenues	<u>6,568,431</u>	<u>6,395,587</u>	<u>(172,844)</u>	<u>6,419,477</u>
Expenditures:				
Capital outlay:				
Purchased professional services	325,000	298,239	26,761	331,786
Purchased property services	9,234,402	8,573,347	661,055	13,142,690
Other purchased services	3,100	3,078	22	2,607
Supplies	40,000	35,935	4,065	12,400
Property	2,576,971	1,395,904	1,181,067	1,694,642
Debt service:				
Bond principal	1,297,169	1,135,758	161,411	879,268
Bond interest and fiscal charges	-	136,521	(136,521)	187,763
Capital lease principal	-	23,510	(23,510)	22,205
Capital lease interest	-	1,380	(1,380)	2,685
Total expenditures	<u>13,476,642</u>	<u>11,603,672</u>	<u>1,872,970</u>	<u>16,276,046</u>
Excess (deficiency) of revenues over (under) expenditures	(6,908,211)	(5,208,085)	1,700,126	(9,856,569)
Other financing sources (uses):				
Proceeds from note payable	-	-	-	5,020,000
Proceeds from sale of capital assets	-	132,030	(132,030)	209,947
Total other financing sources (uses)	<u>-</u>	<u>132,030</u>	<u>(132,030)</u>	<u>5,229,947</u>
Net change in fund balances	(6,908,211)	(5,076,055)	1,568,096	(4,626,622)
Fund balances - beginning	<u>15,735,779</u>	<u>15,735,779</u>	<u>-</u>	<u>20,362,401</u>
Fund balances - ending	<u>\$ 8,827,568</u>	<u>\$ 10,659,724</u>	<u>\$ 1,568,096</u>	<u>\$ 15,735,779</u>

LOGAN CITY SCHOOL DISTRICT
Combining Balance Sheet
Other Governmental Funds
June 30, 2022

	Special Revenue				Total Other Governmental Funds
	School Food Services	Pass-Through Taxes	Logan Schools Foundation	School Activity	
Assets:					
Cash and investments	\$ 1,330,863	\$ -	\$ 998,787	\$ 1,111,656	\$ 3,441,306
Receivables:					
Property taxes	-	1,998,190	-	-	1,998,190
State	52,948	-	-	-	52,948
Federal	38,252	-	-	-	38,252
Inventories	116,387	-	-	-	116,387
Total assets	<u>\$ 1,538,450</u>	<u>\$ 1,998,190</u>	<u>\$ 998,787</u>	<u>\$ 1,111,656</u>	<u>\$ 5,647,083</u>
Liabilities:					
Accounts payable	\$ 14,772	\$ -	\$ 4,390	\$ 89,982	\$ 109,144
Deferred inflows of resources:					
Unavailable property tax revenue	-	10,794	-	-	10,794
Property taxes levied for future year	-	1,987,396	-	-	1,987,396
Total deferred inflows of resources	<u>-</u>	<u>1,998,190</u>	<u>-</u>	<u>-</u>	<u>1,998,190</u>
Fund balances:					
Nonspendable:					
Inventories	116,387	-	-	-	116,387
Restricted for:					
School food services	1,407,291	-	-	-	1,407,291
Donated purposes	-	-	267,113	-	267,113
Assigned to:					
Students	-	-	727,284	1,021,674	1,748,958
Total fund balances	<u>1,523,678</u>	<u>-</u>	<u>994,397</u>	<u>1,021,674</u>	<u>3,539,749</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 1,538,450</u>	<u>\$ 1,998,190</u>	<u>\$ 998,787</u>	<u>\$ 1,111,656</u>	<u>\$ 5,647,083</u>

LOGAN CITY SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Other Governmental Funds
Year Ended June 30, 2022

	Special Revenue				Total Other Governmental Funds
	School Food Services	Pass-Through Taxes	Logan Schools Foundation	School Activity	
Revenues:					
Local sources:					
Property taxes	\$ -	\$ 1,904,479	\$ -	\$ -	\$ 1,904,479
Earnings (losses) on investments	-	-	(59,126)	3,069	(56,057)
Lunch sales	19,945	-	-	-	19,945
Other local	123,882	-	248,002	1,437,877	1,809,761
State	517,253	-	-	-	517,253
Federal	3,397,599	-	-	-	3,397,599
Total revenues	<u>4,058,679</u>	<u>1,904,479</u>	<u>188,876</u>	<u>1,440,946</u>	<u>7,592,980</u>
Expenditures:					
Current:					
Instruction	-	-	-	1,337,176	1,337,176
School food services	3,699,702	-	-	-	3,699,702
Community services	-	-	244,303	-	244,303
Contributions to other governments	-	1,904,479	-	-	1,904,479
Total expenditures	<u>3,699,702</u>	<u>1,904,479</u>	<u>244,303</u>	<u>1,337,176</u>	<u>7,185,660</u>
Excess (deficiency) of revenues over (under) expenditures	358,977	-	(55,427)	103,770	407,320
Other financing sources (uses):					
Transfers in	-	-	-	74,128	74,128
Net change in fund balances	358,977	-	(55,427)	177,898	481,448
Fund balances - beginning	<u>1,164,701</u>	<u>-</u>	<u>1,049,824</u>	<u>843,776</u>	<u>3,058,301</u>
Fund balances - ending	<u>\$ 1,523,678</u>	<u>\$ -</u>	<u>\$ 994,397</u>	<u>\$ 1,021,674</u>	<u>\$ 3,539,749</u>

LOGAN CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
School Food Services Fund
Special Revenue Fund
Year Ended June 30, 2022 with Comparative Totals for 2021

	2022			2021
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Food sales	\$ 16,726	\$ 19,945	\$ 3,219	\$ 38,925
Earnings on investments	-	-	-	4,365
Other local	102,000	123,882	21,882	116,338
State	864,302	517,253	(347,049)	547,588
Federal	3,274,036	3,397,599	123,563	2,420,017
Total revenues	4,257,064	4,058,679	(198,385)	3,127,233
Expenditures:				
Current:				
Salaries	1,454,490	1,384,664	69,826	1,272,982
Employee benefits	399,277	361,870	37,407	357,603
Purchased professional services	75,000	76,016	(1,016)	58,728
Purchased property services	35,000	14,679	20,321	27,706
Other purchased services	403,800	3,692	400,108	2,629
Food and other supplies	1,376,400	1,619,031	(242,631)	1,253,973
Property	50,000	44,960	5,040	398,504
Other objects	201,504	194,790	6,714	191,223
Total expenditures	3,995,471	3,699,702	295,769	3,563,348
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	261,593	358,977	97,384	(436,115)
Fund balances - beginning	1,164,701	1,164,701	-	1,600,816
Fund balances - ending	\$ 1,426,294	\$ 1,523,678	\$ 97,384	\$ 1,164,701

LOGAN CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Pass-Through Taxes Fund
Special Revenue Fund
Year Ended June 30, 2022 with Comparative Totals for 2021

	<u>2022</u>			<u>2021</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local:				
Property taxes	\$ 1,919,479	\$ 1,904,479	\$ (15,000)	\$ 1,840,094
Expenditures:				
Contributions to other governments	1,919,479	1,904,479	15,000	1,840,094
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ -	\$ -

LOGAN CITY SCHOOL DISTRICT
Schedule of Revenues, Expenditures, and Changes in Fund Balances
Logan Schools Foundation
Special Revenue Fund
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Revenues:		
Local:		
Earnings (losses) on investments	\$ (59,126)	\$ 97,835
Contributions	<u>248,002</u>	<u>221,243</u>
Total revenues	<u>188,876</u>	<u>319,078</u>
Expenditures:		
Current:		
Scholarships	70,522	96,073
Administration	<u>173,781</u>	<u>118,070</u>
Total expenditures	<u>244,303</u>	<u>214,143</u>
Excess (deficiency) of revenues over (under) expenditures / net change in fund balances	(55,427)	104,935
Fund balances - beginning	<u>1,049,824</u>	<u>944,889</u>
Fund balances - ending	<u><u>\$ 994,397</u></u>	<u><u>\$ 1,049,824</u></u>

LOGAN CITY SCHOOL DISTRICT

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

Student Activity Fund

Special Revenue Fund

Year Ended June 30, 2022 with Comparative Totals for 2021

	2022			2021
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local:				
Earnings on investments	\$ 5,000	\$ 3,069	\$ (1,931)	\$ 3,100
Student and activity fees	1,470,000	1,437,877	(32,123)	1,128,080
Total revenues	1,475,000	1,440,946	(34,054)	1,131,180
Expenditures:				
Current:				
Purchased services	386,000	218,061	167,939	105,895
Supplies	925,000	982,981	(57,981)	958,271
Other	150,000	136,134	13,866	67,942
Total expenditures	1,461,000	1,337,176	123,824	1,132,108
Excess (deficiency) of revenues over (under) expenditures	14,000	103,770	89,770	(928)
Other financing sources (uses):				
Transfers in	74,000	74,128	128	131,265
Net change in fund balances	88,000	177,898	89,898	130,337
Fund balances - beginning	843,776	843,776	-	713,439
Fund balances - ending	<u>\$ 931,776</u>	<u>\$ 1,021,674</u>	<u>\$ 89,898</u>	<u>\$ 843,776</u>

LOGAN CITY SCHOOL DISTRICT

COMPLIANCE REPORTS

Year Ended June 30, 2022

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LOGAN CITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor / Pass Through Grantor / Program Title	CFDA Number	Pass-through Identifying Number	District's Program Number	Receivable (Unearned) June 30, 2021	Received	Expended	Receivable (Unearned) June 30, 2022
U.S. DEPARTMENT OF AGRICULTURE:							
Passed through Utah State Board of Education:							
<i>Child Nutrition Cluster:</i>							
School Breakfast Program	10.553	SBP	8074	\$ 14,410	\$ 387,567	\$ 373,157	\$ -
National School Lunch Program	10.555	NSLFL, NSLPL, EOCS, SCA	8071/8072/8075	28,656	2,689,941	2,699,537	38,252
National School Lunch Program (Donated Commodities)	10.555	N/A	8001	-	324,905	324,905	-
Total Child Nutrition Cluster				43,066	3,402,413	3,397,599	38,252
Passed through Cache County:							
<i>Forest Service Schools and Roads Cluster:</i>							
School and Roads - Grants to States	10.665	N/A	7210	-	26,842	26,842	-
Total U.S. Department of Agriculture				43,066	3,429,255	3,424,441	38,252
U.S. DEPARTMENT OF THE TREASURY:							
Passed Through State of Utah Board of Education:							
COVID-19 Coronavirus Relief Fund	21.019	CBG, CPPE, CRF, PUZ	7280	128,052	235,846	-	(107,794)
Total U.S. Department of the Treasury				128,052	235,846	-	(107,794)
INSTITUTE OF MUSEUM AND LIBRARY SERVICES:							
Passed through Utah Department of Heritage and Arts:							
Grants to States	45.310	201671	7390	28	28	-	-
Total Institute of Museum and Library Services				28	28	-	-
U.S. DEPARTMENT OF EDUCATION:							
Passed through Utah State Board of Education:							
<i>Special Education Cluster (IDEA):</i>							
Special Education Grants to States	84.027	FTFL	7524	1,052,186	1,055,345	1,053,886	1,050,727
COVID-19 Special Education Grants to States	84.027	ARPI	7525	-	-	123,067	123,067
Special Education Preschool Grants	84.173	PRE	7522	31,639	59,523	62,801	34,917
COVID-19 Special Education Preschool Grants	84.173	ARPP	7523	-	-	11,879	11,879
Total Special Education Cluster (IDEA)				1,083,825	1,114,868	1,251,633	1,220,590
Title I Grants to Local Educational Agencies	84.010	T1FT	7801	465,393	1,405,853	1,568,038	627,578
Migrant Education State Grant Program	84.011	MGFT	7830	26,434	47,305	29,467	8,596
Education for Homeless Children and Youth	84.196	MVFT	7950	4,856	5,970	5,493	4,379
Twenty-First Century Community Learning Grant	84.287	ASFT, ASFC, ASSU	7910/7915	15,076	94,244	123,938	44,770
Rural Education	84.358	RLFT	7940	(1,408)	-	-	(1,408)
English Language Acquisition State Grants	84.365	ELFT	7880	(4,297)	61,233	62,551	(2,979)
Supporting Effective Instruction State Grants	84.367	2FT	7860	134,562	209,133	189,954	115,383
Student Support and Academic Enrichment Program	84.424	4AFT	7905	51,070	125,985	138,259	63,344
Education Stabilization Fund:							
COVID-19 Governor's Emergency Education Relief (GEER) Fund	84.425C	GEER	7220	-	187,472	241,158	53,686
COVID-19 Elementary and Secondary School Emergency Relief (ESSER) Fund	84.425D	ESSR	7210	1,153,523	1,838,195	1,826,897	1,142,225
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	ESSR	7225	-	184,768	3,250,021	3,065,253
COVID-19 American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	ARPH	7235	-	-	295	295
Total Education Stabilization Fund				1,153,523	2,210,435	5,318,371	4,261,459
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	Various	7711/7712	318,722	614,339	659,111	363,494
Passed through Box Elder School District:							
Career and Technical Education - Basic Grants to States	84.048	FLEA/LDSP	7401	17,360	57,332	126,300	86,328
Total U.S. Department of Education				3,265,116	5,946,697	9,473,115	6,791,534
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:							
Passed through Utah State Board of Education:							
<i>TANF Cluster:</i>							
Temporary Assistance for Needy Families	93.558	KSE, PCA	7352	(5,461)	-	5,461	-
Passed through Department of Workforce Services:							
<i>CCDF Cluster:</i>							
Child Care and Development Block Grant	93.575	78597/BJ17163C.1	7350	(60,327)	211,860	218,791	(53,396)
COVID-19 Child Care and Development Block Grant	93.575	78597/BJ17163C.1	7351	-	176,400	791	(175,609)
Total CCDF Cluster				(60,327)	388,260	219,582	(229,005)
Passed Through Utah Department of Health:							
<i>Medicaid Cluster:</i>							
Medical Assistance Program	93.778	N/A	7520	-	462,892	299,864	(163,028)
Total U.S. Department of Health and Human Services				(65,788)	851,152	524,907	(392,033)
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE:							
Passed through United Way:							
AmeriCorps	94.006	N/A	7602	-	13,349	9,323	(4,026)
Total Corporation for National and Community Service				-	13,349	9,323	(4,026)
TOTAL FEDERAL AWARDS				\$ 3,370,474	\$ 10,476,327	\$ 13,431,786	\$ 6,325,933

The accompanying notes are an integral part of this schedule.

LOGAN CITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A – BASIS FOR PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Logan City School District (the District) under programs of the federal government for the year ended June 30, 2022. The information in the 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 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 financial position, or cash flows of the District.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting as described in Note 1 to the District’s basic financial statements. 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.

Donated food commodities are recorded at acquisition value in the *school food services fund* as an inventory asset and federal revenue when received totaling \$324,905 for the year ended June 30, 2022. Donated food commodity inventories are recorded as expenditures in the *school food services fund* when they are consumed by the schools; for purposes of the Schedule, donated food commodities are also recorded as expenditures when received.

The District has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – RELATIONSHIP TO THE DISTRICT’S FINANCIAL STATEMENTS

A reconciliation of federal revenue as reported on the District’s basic financial statements and the schedule of expenditures of federal awards for the year ended June 30, 2022 is as follows:

General fund	\$ 10,437,507
Other governmental funds:	
School food services	<u>3,397,599</u>
Total governmental funds	13,835,106
E-rate refunds received	<u>(403,320)</u>
Total federal expenditures as reported on the schedule of expenditures of federal awards (SEFA)	<u><u>\$ 13,431,786</u></u>

NOTE D – SUBRECIPIENTS OF FEDERAL AWARDS

The District did not provide federal award funding to any subrecipients during the year ended June 30, 2022.



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*

Board of Education
Logan City School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Logan City School District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 11, 2022.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Squire + Company, PC

Orem, Utah
November 11, 2022



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

Board of Education
Logan City School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

We have audited Logan City School District (the District)'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2022. The District's federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of 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, 2022.

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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (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 the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe 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 the 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 the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether the noncompliance with 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 Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance 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. Noncompliance with the compliance requirements referred to above is considered material, if there is 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 each 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 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 Uniform Guidance, 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, significant audit findings, and certain internal control-related matters 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 governmental activities, each major fund, and the aggregate remaining fund information of Logan City School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements. We issued our report thereon dated November 11, 2022, which contained unmodified opinions on those basic 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.

Squire & Company, PC

Orem, Utah
November 11, 2022

LOGAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

No findings were reported in the prior year.

LOGAN CITY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2021

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified	No
Significant deficiency identified	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
Material weakness identified	No
Significant deficiency identified	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 Federal Programs

Name of Federal Program (CFDA Number)

- Title I Grants to Local Educational Agencies (84.010)
- Education Stabilization Fund:
 - Governor’s Emergency Education Relief (GEER) Fund (84.425C)
 - Elementary and Secondary School Emergency Relief (ESSER) Fund (84.425D)
 - American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER) (84.425U)
 - American Rescue Plan – Elementary and Secondary School Emergency Relief Homeless Children and Youth (ARPH ESSER) (84.425W)

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.



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

Board of Education
Logan City School District

Report on Compliance

Opinion on Compliance

We have audited Logan City School District’s (the District) compliance with the following 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, 2022:

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Cash Management
- Utah Retirement Systems
- Internal Control Systems
- Public Education Programs

In our opinion, Logan City School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2022.

Basis for Opinion on Compliance

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor. 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 on compliance. 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 compliance requirements referred to above.

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 *State Compliance Audit 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 *State Compliance Audit Guide* as a whole

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the *State Compliance Audit 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described below. Our opinion on compliance is not modified with respect to these matters.

Cash Management – We noted the District is not depositing some cash receipts within three banking days. We recommend the District ensure cash receipts are safeguarded and deposited timely.

Views of Responsible Officials – The District will review its policies and internal controls and ensure timely action is taken when noncompliance is identified.

The District's response to the noncompliance findings identified in our audit is described above. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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 state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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 *State Compliance Audit Guide*. Accordingly, this report is not suitable for any other purpose.

Squire & Company, PC

Orem, Utah
November 11, 2022