MORGAN COUNTY, UTAH

Basic Financial Statements

with Independent Auditor's Report thereon
As of and For the Year Ended December 31, 2025

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HBME

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INDEPENDENT AUDITOR'S REPORT

To the Members of the County Commission
Morgan County, Utah

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan County, Utah (the County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 County 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

The County's 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.

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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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 County'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 County'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 on pages 5-12, budget and actual reports on pages 59-61, and pension schedules on pages 62-65 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining nonmajor fund financial statements, schedule of receipts and disbursements – treasurer's collection account, and statement of taxes charged, collected, and distributed are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor fund financial statements, schedule of receipts and disbursements – treasurer's collections account, and statement of taxes charged, collected, and distributed 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. 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 nonmajor fund financial statements, schedule of receipts and disbursements – treasurer's collection account, and statement of taxes charged, collected, and distributed is 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 June 30, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

HBME, LLC

June 30, 2026
Bountiful, Utah

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Morgan County (the County), we offer the residents and other readers of the County's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial statements of the County for the year ended December 31, 2025, focusing on why amounts changed from the prior year.

Financial Highlights

Total net position of $30,409,209 for governmental activities is made up of $16,967,281 in net investment in capital assets, restricted net position of $6,415,347, and unrestricted net position of $7,026,581.

In the enterprise funds, operating revenues exceeded operating expenses by $60,521. The County now reports three enterprise funds — garbage services, rifle range, and airport. The garbage services fund had an operating loss of $49,549, which was more than offset by operating income of $14,901 in the rifle range fund and $95,169 in the airport fund.

Long-term debt of the County's governmental activities (leases payable, financing lease-purchase agreements, and revenue bonds, and not including any pension or compensated absences related liabilities) decreased by $159,870, as principal payments of $333,178 exceeded new leases of $173,308.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to The County's basic financial statements. The County's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains the required supplementary information, as well as additional supplementary information intended to furnish additional detail to support 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 County's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the County's assets, liabilities, and deferred inflows and outflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Morgan County is improving or deteriorating. However, you will also need to consider other nonfinancial factors.

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

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The government-wide financial statements can be found on the pages directly following this report.

Fund Financial Statements

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

Governmental funds - These funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. These fund statements focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps users determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in a reconciliation included with the fund financial statements.

At the County, the only two major governmental funds (as determined by generally accepted accounting principles) are the general fund and fair fund. The non-major governmental funds include the additional transit tax – local fund, additional transit tax – county fund, county mass transit tax fund, road fund, flood disaster fund, health services fund, mineral lease fund, library fund, impact fees fund, park fund, RDA fund, corridor preservation fund, recreation fund, economic development fund, tourism fund, MBA fund, and capital projects fund.

Proprietary funds – The County maintains three enterprise funds: the garbage services fund, the rifle range fund, and the airport fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County uses these enterprise funds to account for its garbage services, rifle range, and airport operations.

As determined by generally accepted accounting principles, each of the three enterprise funds meets the criteria of major fund classification.

Fiduciary Funds - Fiduciary funds account for resources held for the benefit of parties outside the government. Fiduciary funds use full-accrual accounting but are not included in the government-wide statements because the assets in those funds are not available to finance the County's own programs. The County's fiduciary funds include the Treasurer and Other Custodial Funds used to account for assets held by the County in a trustee capacity or as an agent.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Morgan County, assets and deferred outflows exceed liabilities and deferred inflows by $31,181,749 for the primary government as a whole ($30,409,209 for governmental activities and $772,540 for business-type activities).

A substantial portion of the County's net position (45.6%) is in non-capital assets, which reflects the County's financial stability. The capital assets (e.g., land, buildings, machinery and equipment, infrastructure, and right to use assets), less any related debt still outstanding used to acquire those assets, is used to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in 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. With almost half of the County's net position capable of being liquidated to meet these obligations, the County has sufficient resources to more than meet its routine operational needs.

The significant portion of net position that represents non-capital assets is comprised of various restricted and unrestricted amounts. The County holds restricted funds for use in developing tourism as a result of payments received from allocations of the transient room taxes and tourism taxes that are remitted by the State. Other restricted funds include the funds available in the General Fund for liquor law, restaurant, and flood. Furthermore, Class B road and impact fee restricted amounts are available in their respective funds.

The County's unrestricted net position is used primarily to fund cash flows during the year. As noted later in this report, property taxes represent the largest source of income for the County. These taxes are not collected until November, late in the County's fiscal year. Therefore, fund balances are used during the year until such time as the taxes are collected and held available for use in meeting expenditures of the subsequent year.

The following table presents summary information comparing the current year to the prior year from the Statement of Net Position (page 13) in the basic financial statements.

Morgan County's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 14,704,111	$ 15,265,075	$ 1,251,681	$ 718,504	$ 15,955,792	$ 15,983,579
Capital and right to use assets	18,010,576	15,361,515	-	-	18,010,576	15,361,515
Total assets	32,714,687	30,626,590	1,251,681	718,504	33,966,368	31,345,094
Deferred outflows of resources						
Related to pensions	1,545,555	1,429,379	17,081	15,785	1,562,636	1,445,164
Liabilities						
Current liabilities	1,071,769	1,188,995	115,807	114,581	1,187,576	1,303,576
Noncurrent liabilities:						
Bonds, leases and compensated absences	1,349,399	1,289,994	2,998	-	1,352,397	1,289,994
Net pension liability	1,209,045	888,371	13,362	9,811	1,222,407	898,182
Total liabilities	3,630,213	3,367,360	132,167	124,392	3,762,380	3,491,752
Deferred inflows of resources						
Leases	212,855	624,027	363,967	-	576,822	624,027
Related to pensions	7,965	22,747	88	251	8,053	22,998
Total deferred inflows of resources	220,820	646,774	364,055	251	584,875	647,025
Net Position						
Net investment in capital assets	16,967,281	14,182,888	-	-	16,967,281	14,182,888
Restricted	6,415,347	5,630,432	-	-	6,415,347	5,630,432
Unrestricted	7,026,581	8,228,515	772,540	609,646	7,799,121	8,838,161
Total net position	$ 30,409,209	$ 28,041,835	$ 772,540	$ 609,646	$ 31,181,749	$ 28,651,481

As taken from the statement of activities in the basic financial statements, the following table depicts the changes in net position for 2025, with a comparison for the prior year.

Morgan County's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program revenues:						
Charges for services	$ 3,733,011	$ 3,662,475	$ 1,038,661	$ 698,072	$ 4,771,672	$ 4,360,547
Operating grants & contributions	3,579,410	2,508,484	-	-	3,579,410	2,508,484
Capital grants & contributions	-	-	-	-	-	-
General revenues:						
Property taxes	6,563,773	5,387,763	-	-	6,563,773	5,387,763
Other taxes and miscellaneous	5,997,470	5,617,870	33,158	32,659	6,030,628	5,650,529
Interest and investment income	553,890	603,939	19,255	-	573,145	603,939
Transfers	(83,118)	-	83,118	-	-	-
Total revenues	20,344,436	17,780,531	1,174,192	730,731	21,518,628	18,511,262
Expenses						
General government	5,877,631	6,083,172	-	-	5,877,631	6,083,172
Public safety	4,881,480	3,999,004	-	-	4,881,480	3,999,004
Public works	2,565,953	1,693,285	-	-	2,565,953	1,693,285
Parks, recreation, and culture	2,119,976	1,878,004	-	-	2,119,976	1,878,004
Public health and welfare	1,620,274	1,069,280	-	-	1,620,274	1,069,280
Economic development	227,598	63,681	-	-	227,598	63,681
Other	160,893	148,915	-	-	160,893	148,915
Interest expense	92,479	91,232	-	-	92,479	91,232
Garbage service	-	-	1,011,298	664,176	1,011,298	664,176
Total expenses	17,546,284	15,026,573	1,011,298	664,176	18,557,582	15,690,749
Increase (decrease) in net position	2,798,152	2,753,958	162,894	66,555	2,961,046	2,820,513
Net position, beginning of year	28,041,835	25,287,877	609,646	543,091	28,651,481	25,830,968
Beginning net position restatements, see Note 10	(430,778)	-	-	-	(430,778)	-
Net position, beginning of year, as restated	27,611,057	25,287,877	609,646	543,091	28,220,703	25,830,968
Net position, end of year	$ 30,409,209	$ 28,041,835	$ 772,540	$ 609,646	$ 31,181,749	$ 28,651,481

Financial Analysis of Governmental Funds

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements.

As of December 31, 2025, the County's General Fund reported a fund balance of $6,969,261. This represents a decrease of $356,489 from last year's restated ending balance of $7,325,750.

The General Fund is the chief operating fund of the County. All activities which are not required to be accounted for in separate funds either by state or local ordinance or by a desire to maintain a matching of revenues and expenditures are accounted for in this fund.

Taxes continue to be the largest source of revenue in the General Fund and represent 60% of total General Fund revenues. The largest element of taxes is property tax, as has been the case for the last several years. It represents 73% of total tax revenues and represents 44% of total general fund revenues.

As stated earlier, the County maintains three enterprise funds to account for the business-type activities of the County. The separate fund statements included in this report, provides the same information for business-type activities as is provided in the government-wide financial statements. However, the difference is that the fund statements provide more detail.

General Fund Budgetary Highlights

During the fiscal year, the General Fund original budget was amended from an original expenditures total of $6,505,663 to a final expenditures total of $15,900,048. These changes were due to the timing of grants, projects, and various purchases.

Capital Asset and Debt Administration

Capital and Right to Use Assets

The County's investment in capital assets for its governmental and business-type activities during the year ended December 31, 2025 consisted of additions in the amounts of $0 for buildings, $2,670,265 for machinery and equipment, $521,707 for improvements, $739,151 for infrastructure, and $1,615,546 for construction-in-progress, with no business-type capital asset purchases. The County did not acquire any new right-to-use equipment during the year. The overall increase of $2,663,732 in the County's investment in capital assets (net of accumulated depreciation and amortization) was due to current year additions of $4,066,044, less depreciation/amortization expense of $1,483,188 and net disposals and adjustments of $1,402,312.

Major capital asset events during the current fiscal year included the following:

- $2,432,050 on machinery and equipment;
- $386,711 on Deep creek culver/road project (completed in November 2025);
- $124,941 on 7000/6900N Croydon road project (completed in November 2025);
- $293,917 on fairground electrical upgrade project (in process);
- $242,025 on the multi-use fairground fields project (in process).

Morgan County's Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Not being depreciated						
Land	$ 1,489,766	$ 1,489,766	$ -	$ -	$ 1,489,766	$ 1,489,766
Water rights	7,000	7,000	-	-	7,000	7,000
Works of art	24,200	24,200	-	-	24,200	24,200
Contruction-in-progress	1,029,373	665,366	-	-	1,029,373	665,366
Total not being depreciated	2,550,339	2,186,332	-	-	2,550,339	2,186,332
Being depreciated						
Buildings	5,919,797	5,919,797	-	-	5,919,797	5,919,797
Improvements	4,713,988	4,192,281	-	-	4,713,988	4,192,281
Machinery and equipment	9,281,354	7,185,140	-	-	9,281,354	7,185,140
Infrastructure	9,565,370	8,826,219	-	-	9,565,370	8,826,219
Less: Accumulated depreciation	(14,047,836)	(12,990,489)	-	-	(14,047,836)	(12,990,489)
Right to use assets	61,516	61,516	-	-	61,516	61,516
Less: Accumulated amortization	(33,952)	(19,281)	-	-	(33,952)	(19,281)
Total being depreciated	15,460,237	13,175,183	-	-	15,460,237	13,175,183
Total capital assets	$ 18,010,576	$ 15,361,515	$ -	$ -	$ 18,010,576	$ 15,361,515

Additional information on the County's capital assets can be found in the footnotes of this report.

Long-term Debt

At December 31, 2025, the County had various capital lease agreements secured by equipment, and one revenue bond outstanding.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Leases	$ 16,059	$ 28,349	$ -	$ -	$ 16,059	$ 28,349
Financing lease-purchase agreements	970,324	1,102,904	-	-	970,324	1,102,904
Revenue bonds	29,000	44,000	-	-	29,000	44,000
Total long-term debt	$ 1,015,383	$ 1,175,253	$ -	$ -	$ 1,015,383	$ 1,175,253

The County's total debt decreased by $159,870 during the fiscal year, as principal payments of $333,178 exceeded new leases issued of $173,308.

Additional information on the outstanding debt obligations of the County can be found in the footnotes to this report.

Economic Factors and Next Year's Budget

The County's elected and appointed officials considered many factors when setting the fiscal year 2026 budget, tax rates, and fees that will be charged for governmental and business-type activities. The taxable value of property, on which the tax rate is applied, changed from a total of $3,973,457 to $5,124,275 for an increase of $1,150,818.

Contacting the County's Financial Management

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to show the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County's Clerk/Auditor Department.

BASIC FINANCIAL STATEMENTS

MORGAN COUNTY, UTAH
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash, cash equivalents, and investments	$ 11,490,618	$ 666,585	$ 12,157,203
Accounts receivable, net of allowance	103,327	141,915	245,242
Taxes receivable	2,337,092	-	2,337,092
Due from other governments	131,902	-	131,902
Other receivables	144,063	-	144,063
Leases receivable	271,993	443,181	715,174
Prepaid and other assets	225,116	-	225,116
Capital assets, not being depreciated	2,550,339	-	2,550,339
Capital assets, net of accumulated depreciation	15,432,673	-	15,432,673
Right-to-use assets, net of accumulated amortization	27,564	-	27,564
Total assets	32,714,687	1,251,681	33,966,368
DEFERRED OUTFLOWS OF RESOURCES			
Related to pensions	1,545,555	17,081	1,562,636
Total deferred outflows of resources	1,545,555	17,081	1,562,636
LIABILITIES			
Accounts payable	462,483	75,381	537,864
Accrued liabilities	519,261	3,809	523,070
Accrued interest payable	27,912	-	27,912
Unearned revenue	62,113	34,619	96,732
Noncurrent liabilities:			
Due within one year:			
Bonds, leases, compensated absences	515,443	1,998	517,441
Due in more than one year:			
Bonds, leases, compensated absences	833,956	2,998	836,954
Net pension liability - actuarially funded	1,209,045	13,362	1,222,407
Total liabilities	3,630,213	132,167	3,762,380
DEFERRED INFLOWS OF RESOURCES			
Related to leases	212,855	363,967	576,822
Related to pensions	7,965	88	8,053
Total deferred inflows of resources	220,820	364,055	584,875
NET POSITION			
Net investment in capital assets	16,967,281	-	16,967,281
Restricted for:			
Liquor law tax	93,167	-	93,167
Survey grant	1,145	-	1,145
Roads	2,333,531	-	2,333,531
Impact fees	1,507,581	-	1,507,581
Public safety	138,329	-	138,329
Public health and welfare	158,068	-	158,068
Community development	585,330	-	585,330
Parks, recreation, and public property	1,598,196	-	1,598,196
Unrestricted	7,026,581	772,540	7,799,121
Total net position	$ 30,409,209	$ 772,540	$ 31,181,749

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

MORGAN COUNTY, UTAH
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenues and Changes in Net Position — Primary Government		
Function/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
PRIMARY GOVERNMENT:							
GOVERNMENTAL ACTIVITIES:							
General government	$ 5,877,631	$ 32,717	$ 697,567	$ -	$ (5,147,347)		$ (5,147,347)
Public safety	4,881,480	913,061	1,235,617	-	(2,732,802)		(2,732,802)
Public health and welfare	1,620,274	467,330	-	-	(1,152,944)		(1,152,944)
Public works	2,565,953	-	1,172,143	-	(1,393,810)		(1,393,810)
Parks, recreation, and culture	2,119,976	353,763	205,374	-	(1,560,839)		(1,560,839)
Economic development	227,598	1,966,140	268,709	-	2,007,251		2,007,251
Other	160,893	-	-	-	(160,893)		(160,893)
Interest	92,479	-	-	-	(92,479)		(92,479)
Total governmental activities	17,546,284	3,733,011	3,579,410	-	(10,233,863)		(10,233,863)
BUSINESS-TYPE ACTIVITIES:							
Garbage services	941,910	859,203	-	-	-	$ (82,707)	(82,707)
Rifle range	5,054	19,955	-	-	-	14,901	14,901
Airport	64,334	159,503	-	-	-	95,169	95,169
Total business-type activities	1,011,298	1,038,661	-	-	-	27,363	27,363
Total primary government	$ 18,557,582	$ 4,771,672	$ 3,579,410	$ -	(10,233,863)	27,363	(10,206,500)

	Governmental Activities	Business-type Activities	Total
GENERAL REVENUES AND TRANSFERS:			
Taxes:			
Property	6,563,773	-	6,563,773
General sales and use	4,954,588	-	4,954,588
Fee in lieu	495,654	-	495,654
Other	4,137	-	4,137
Impact fees	301,893	-	301,893
Interest and investment income	553,890	19,255	573,145
Proceeds from insurance	25,854	-	25,854
Gain (loss) on sale of capital assets	67,655	-	67,655
Miscellaneous	147,689	33,158	180,847
Transfers in (out)	(83,118)	83,118	-
Total general revenues and transfers	13,032,015	135,531	13,167,546
Change in net position	2,798,152	162,894	2,961,046
Net position - beginning (restated - Note 10)	27,611,057	609,646	28,220,703
Net position - ending	$ 30,409,209	$ 772,540	$ 31,181,749

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

MORGAN COUNTY, UTAH
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Fair	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash, cash equivalents, and investments	$ 5,712,268	$ 141,906	$ 5,636,444	$ 11,490,618
Accounts receivable, net of allowance	103,327	-	-	103,327
Taxes receivable	1,768,200	-	568,892	2,337,092
Due from other governments	-	-	131,902	131,902
Other receivables	129,082	14,981	-	144,063
Leases receivable	-	242,993	29,000	271,993
Due from other funds	-	-	-	-
Prepaid and other assets	225,116	-	-	225,116
Total assets	$ 7,937,993	$ 399,880	$ 6,366,238	$ 14,704,111
LIABILITIES				
Accounts payable	$ 366,676	$ -	$ 95,807	$ 462,483
Accrued liabilities	493,393	-	25,868	519,261
Due to other funds	-	-	-	-
Unearned revenue	7,269	-	54,844	62,113
Total liabilities	867,338	-	176,519	1,043,857
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - ambulance receivable	55,323	-	-	55,323
Unavailable revenue - property taxes	46,071	-	6,074	52,145
Leases	-	212,855	-	212,855
Lease related - MBA lease	-	-	29,000	29,000
Total deferred inflows of resources	101,394	212,855	35,074	349,323
FUND BALANCES				
Nonspendable:				
Prepaid and other assets	225,116	30,138	-	255,254
Restricted for:				
Liquor law tax	93,167	-	-	93,167
Survey grant	1,145	-	-	1,145
Roads	-	-	2,333,531	2,333,531
Impact fees	-	-	1,507,581	1,507,581
Public safety	9,503	-	128,826	138,329
Public health and welfare	-	-	158,068	158,068
Community development	-	-	585,330	585,330
Parks, recreation, and public property	-	156,887	1,441,309	1,598,196
Assigned for:				
Community development	16,662	-	-	16,662
Unassigned (deficits)	6,623,668	-	-	6,623,668
Total fund balances	6,969,261	187,025	6,154,645	13,310,931
Total liabilities, deferred inflows of resources, and fund balances	$ 7,937,993	$ 399,880	$ 6,366,238	$ 14,704,111

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

MORGAN COUNTY, UTAH
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2025

Total fund balance per governmental funds balance sheet		$ 13,310,931
Amounts reported for governmental activities in the statement of net position are different because:		
Capital and right-to-use assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.		
Capital assets at cost	$ 32,030,848	
Accumulated depreciation	(14,047,836)	
Right-to-use assets	61,516	
Accumulated amortization	(33,952)	18,010,576
Other long-term assets (unearned revenue) that are not available soon enough to pay for current-period expenditures and therefore are deferred or not reported in the governmental funds.		
Ambulance revenues	55,323	
Property tax revenues	52,145	
MBA lease revenue	29,000	136,468
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for the postretirement benefits (URS pension) are recognized as deferred outflows of resources and deferred inflows of resources on the statement of net position.		
Deferred inflows related to pensions	(7,965)	
Deferred outflows related to pensions	1,545,555	1,537,590
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the governmental funds.		
MBA of Morgan County lease bonds payable	(29,000)	
Financing lease-purchase agreements	(970,324)	
Leases payable	(16,059)	
Accrued interest payable on long-term debt	(27,912)	
Compensated absences	(334,016)	
Net pension asset (liability)	(1,209,045)	(2,586,356)
Net position of governmental activities		$ 30,409,209

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

MORGAN COUNTY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Fair	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	$ 8,989,466	$ -	$ 3,048,121	$ 12,037,587
Licenses and permits	1,801,281	-	-	1,801,281
Intergovernmental	897,249	14,981	1,467,180	2,379,410
Charges for services	1,288,434	118,666	207,660	1,614,760
Fines and forfeitures	291,017	-	1,796	292,813
Impact fees	-	-	301,893	301,893
Lease and rental revenue	3,665	25,141	16,101	44,907
Contributions and donations	-	77,270	16,580	93,850
Other revenues	1,262,386	4,244	1,567	1,268,197
Interest and investment income	486,753	9,456	57,681	553,890
Total revenues	15,020,251	249,758	5,118,579	20,388,588
EXPENDITURES				
Current:				
General government	5,781,716	-	(126,750)	5,654,966
Public safety	4,188,543	-	-	4,188,543
Public health and welfare	1,165,602	-	356,530	1,522,132
Public works	713,530	-	1,431,924	2,145,454
Parks, recreation, and culture	160,545	286,179	1,443,251	1,889,975
Economic development	-	-	227,598	227,598
Other	158,488	-	-	158,488
Capital outlay:				
General government	286,050	-	379,406	665,456
Public safety	2,235,381	-	-	2,235,381
Public health and welfare	199,058	-	-	199,058
Public works	12,046	-	145,477	157,523
Parks, recreation, and culture	983	5,000	794,091	800,074
Other	-	-	-	-
Debt service:				
Principal	315,631	-	17,547	333,178
Interest and other financial	65,982	-	1,959	67,941
Total expenditures	15,283,555	291,179	4,671,033	20,245,767
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(263,304)	(41,421)	447,546	142,821
OTHER FINANCING SOURCES (USES)				
Leases (as lessee)	173,308	-	-	173,308
Sale of general capital assets	218,428	-	-	218,428
Transfers in	1,110	-	601,803	602,913
Transfers out	(486,031)	-	(200,000)	(686,031)
Total other financing sources (uses)	(93,185)	-	401,803	308,618
Net change in fund balance	(356,489)	(41,421)	849,349	451,439
Fund balances - beginning (restated, Note 10)	7,325,750	228,446	5,305,296	12,859,492
Fund balances - ending	$ 6,969,261	$ 187,025	$ 6,154,645	$ 13,310,931

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

MORGAN COUNTY, UTAH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds		$ 451,439
Amounts reported for governmental activities in the Statement of Activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense:		
Capital outlays	$ 4,057,492	
Gain on disposal of assets and adjustments	74,757	
Depreciation and amortization expense	(1,483,188)	2,649,061
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		
Earned but unavailable charges for services and other	(5,750)	
Property taxes	(7,939)	
Lease revenue	(15,000)	(28,689)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Accrued interest on long-term debt	(24,538)	
Compensated absences	(219,275)	
Changes in pension assets/liabilities and related deferred outflows and inflows of resources	(189,716)	(433,529)
Bond and other debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the Statement of Net Position.		
Vehicle and equipment leases issued	(173,308)	
Principal paid on long-term obligations	333,178	159,870
Change in net position of governmental activities		$ 2,798,152

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

MORGAN COUNTY, UTAH
STATEMENT OF FUND NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-type Activities - Enterprise Funds			
	Garbage	Rifle Range	Airport	Total
ASSETS				
CURRENT ASSETS:				
Cash, cash equivalents, and investments	$ 521,615	$ 14,901	$ 130,069	$ 666,585
Accounts receivable, net of allowance	141,915	-	-	141,915
Leases receivable	-	-	443,181	443,181
Total current assets	663,530	14,901	573,250	1,251,681
Total assets	663,530	14,901	573,250	1,251,681
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	17,081	-	-	17,081
Total deferred outflows of resources	17,081	-	-	17,081
LIABILITIES				
CURRENT LIABILITIES:				
Accounts payable	64,159	-	11,222	75,381
Accrued liabilities	3,290	-	519	3,809
Unearned revenue	34,619	-	-	34,619
Current portion of compensated absences	1,998	-	-	1,998
Total current liabilities	104,066	-	11,741	115,807
NONCURRENT LIABILITIES:				
Compensated absences, less current portion	2,998	-	-	2,998
Net pension liability	13,362	-	-	13,362
Total noncurrent liabilities	16,360	-	-	16,360
Total liabilities	120,426	-	11,741	132,167
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	88	-	-	88
Related to leases	-	-	363,967	363,967
Total deferred inflows of resources	88	-	363,967	364,055
NET POSITION				
Unrestricted	560,097	14,901	197,542	772,540
Total net position	$ 560,097	$ 14,901	$ 197,542	$ 772,540

MORGAN COUNTY, UTAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Garbage	Rifle Range	Airport	Total
OPERATING REVENUES				
Charges for services	$ 859,203	$ 19,955	$ 159,503	$ 1,038,661
Other	33,158	-	-	33,158
Total operating revenues	892,361	19,955	159,503	1,071,819
OPERATING EXPENSES				
Cost of services	678,415	-	-	678,415
Wages and benefits	60,388	-	13,680	74,068
Administrative, maintenance, and supplies	203,107	5,054	50,654	258,815
Total operating expenses	941,910	5,054	64,334	1,011,298
Operating income (loss)	(49,549)	14,901	95,169	60,521
NONOPERATING REVENUES (EXPENSES)				
Interest income	-	-	19,255	19,255
Transfers in	-	-	83,118	83,118
Total nonoperating revenues (expenses)	-	-	102,373	102,373
Change in net position	(49,549)	14,901	197,542	162,894
Net position - beginning	609,646	-	-	609,646
Net position - ending	$ 560,097	$ 14,901	$ 197,542	$ 772,540

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

MORGAN COUNTY, UTAH
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-type Activities - Enterprise Funds			
	Garbage	Rifle Range	Airport	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and users	$ 863,284	$ 19,955	$ 80,289	$ 963,528
Payments to suppliers	(892,372)	(5,054)	(38,913)	(936,339)
Payments to employees	(56,830)	-	(13,680)	(70,510)
Net cash provided (used) by operating activities	(85,918)	14,901	27,696	(43,321)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in (out), net	-	-	83,118	83,118
Net cash provided (used) by noncapital financing activities	-	-	83,118	83,118
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest income	-	-	19,255	19,255
Net change in investments	13,071	(14,485)	(126,441)	(127,855)
Net cash provided (used) by investing activities	13,071	(14,485)	(107,186)	(108,600)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(72,847)	416	3,628	(68,803)
CASH AND CASH EQUIVALENTS:				
Beginning of year	87,395	-	-	87,395
End of year (see Note 3)	$ 14,548	$ 416	$ 3,628	$ 18,592
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (49,549)	$ 14,901	$ 95,169	60,521
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
(Increase) Decrease in receivables	(30,944)	-	(79,214)	(110,158)
Increase (Decrease) in accounts payable and accrued liabilities	(10,850)	-	11,741	891
Increase (Decrease) in unearned revenue	1,867	-	-	1,867
Increase (Decrease) in compensated absences	1,466	-	-	1,466
Increase (Decrease) in net pension resources	2,092	-	-	2,092
Net cash provided (used) by operating activities	$ (85,918)	$ 14,901	$ 27,696	$ (43,321)

MORGAN COUNTY, UTAH
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2025

	Custodial Funds	
	Treasurer Fund	**Other Funds**
ASSETS		
Cash and cash equivalents	$ 6,181,643	$ 2,284,270
Taxes receivable	1,400,575	-
Total assets	$ 7,582,218	$ 2,284,270
LIABILITIES		
Taxes payable	$ 7,582,218	$ -
Subdivision bonds	-	2,106,823
Court trust payable	-	14,655
Due to other entities	-	162,792
Total liabilities	$ 7,582,218	$ 2,284,270
NET POSITION	$ -	$ -

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

MORGAN COUNTY, UTAH
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
For the Year Ended December 31, 2025

	Custodial Funds	
	Treasurer Fund	**Other Funds**
ADDITIONS		
Tax collections for other governments	$ 35,455,990	$ -
Miscellaneous	-	4,833,010
Total additions	35,455,990	4,833,010
DEDUCTIONS		
Tax disbursements to other governments	35,455,990	-
Payments to beneficiaries	-	4,833,010
Total deductions	35,455,990	4,833,010
Change in net position	-	-
Net position - beginning	-	-
Net position - ending	$ -	$ -

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Morgan County, Utah (the County) is governed by a five-member elected body, one Commission member from each of the three districts and two members at large. As required by accounting principles generally accepted in the United States of America (GAAP), these financial statements present the County and its component units, entities for which the County is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County's operations and so data from these units are combined with data of the primary government.

Blended component units - The following are blended in the accompanying general-purpose financial statements:

- *Municipal Building Authority of Morgan County (MBA)* - purpose is to issue revenue bonds for construction of buildings which are leased by the County.

- *Redevelopment Agency of Morgan County (RDA)* - purpose is to account for corridor preservation taxes which are held to reimburse the Utah Department of Transportation for its purchases of land for future transportation corridors through the County.

Blending means that component unit balances and transactions are combined with balances and transactions of the primary government. Although legally separate from the County, the above component units are blended because they are governed by a board comprised of the County Commission. The County retains fiscal responsibility for these entities. These entities are reported as a debt service fund and special revenue fund, respectively.

Public Infrastructure Districts (PIDs)

The County acting in its capacity as the creating authority for the following PIDs, adopted a resolution creating the following:

- ROAM Public Infrastructure District No. 1 (ROAM PID #1) and No. 2 (ROAM PID #2), and;
- Wasatch Peaks Ranch Public Infrastructure District (WPR PID).

The Office of the Lieutenant Governor of the State of Utah issued a Certificate of Creation for ROAM PID #1 and ROAM PID#2 on July 15, 2021 and WPR PID on April 3, 2023.

These PIDs have no employees, and all operations and administrative functions are contracted. These PIDs were established to provide financing for infrastructure improvements to facilitate development within the boundaries of the respective PID. These PIDs have the power to issue bonds for the purpose of paying all or part of the costs of acquiring, acquiring an interest in, improving, or extending certain public improvements, facilities, or property.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

These PIDs evaluated its reporting entity status in accordance with GASB Codification Section 2100, *Defining the Financial Reporting Entity*, and GASB Statement No. 14, *The Financial Reporting Entity*, as amended. Under those standards, a legally separate organization is a component unit of another government when the other government is financially accountable for the organization or when the nature and significance of the relationship are such that exclusion would cause the other government's financial statements to be misleading.

Management determined that these PIDs are not a component unit of the County. No other government appoints a voting majority of these PIDs' governing body and have the ability to impose its will on the PIDs or have a financial benefit or burden relationship with the PIDs. In addition, the PIDs are not fiscally dependent on another government in combination with a financial benefit or burden relationship, as the PIDs have the authority to determine its budget, levy taxes or set rates or charges, and issue bonded debt without substantive approval by another government.

Management also determined that the PIDs do not have a relationship with the County for which exclusion from that entity's financial statements would be misleading. Accordingly, each of the PIDs listed above are presented as a separate reporting entities and are not reported as a component unit of the County.

Description of government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

Basis of presentation - government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. In the government-wide financial statements, the governmental activities column incorporates data from governmental funds, while business-type activities incorporate data from the government's enterprise funds. Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though fiduciary funds are excluded from the government-wide financial statements.

Certain eliminations have been made as prescribed by Governmental Accounting Standards Board (GASB) Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between governmental activities and business-type activities, which are presented as internal balances and are eliminated in the total primary government column.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation - fund financial statements

The fund financial statements provide information about the County's funds, including its fiduciary funds and blended component units. Separate statements for each fund category—governmental, proprietary, and fiduciary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, with each major fund being displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The County reports the following major governmental funds:

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

- The *special revenue fair fund* is used to account for specific revenues that are legally restricted to expenditures for particular purposes. The County utilizes this special revenue fund to account for County fair activities.

The County reports the following major proprietary funds:

- The *garbage services fund* accounts for the operations of the County's waste management system.
- The *rifle range fund* accounts for the operations of the County's rifle range.
- The *airport fund* accounts for the operations of the County's airport.

Additionally, the government reports the following fund types:

- *Fiduciary funds* include the District Court, Justice Court, the Treasurer Custodial Fund and Other Custodial Funds that are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Custodial funds are custodial in nature (assets equal liabilities) and do not involve measurements of results of operations.

During the course of operations, the County has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds, as applicable. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental and business-type activities are eliminated so that only the net amount between governmental and business type activities are included as internal balances on the government-wide statement of net position.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental and business-type activities are eliminated so that only the net amount is included as transfers on the government-wide statement of activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the County.

The proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The custodial fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

Assets, liabilities, deferred outflows/inflows of resources, and net position/fund balance

1. Cash, cash equivalents, and investments

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Utah State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds, repurchase agreements, and the State Treasurer's Investment Pool.

Investments for the County, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Certain resources of the County's governmental funds are set aside for the following: Class B roads, transient room tax, restaurant tax, liquor law tax, tourism tax, emergency 911 fees, and impact fees as required by applicable federal and state regulations.

2. Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

3. Receivables and payables

All trade, property, sales, and franchise tax receivables are shown net of an allowance for uncollectible accounts. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectible accounts.

Sales taxes are collected by the State Tax Commission and remitted to the County monthly.

Property taxes are collected by the County Treasurer and remitted to the County shortly after collection. Property taxes are levied based on property values as of January 1 of each year, with liens posted as of the same date. Taxes are due and payable on November 1 and delinquent after 12 o'clock noon on November 30 of each year.

4. Leases receivable

The County's leases receivable are measured at the present value of lease payments expected to be received during the lease term. A deferred inflow of resources is recorded for the leases. The deferred inflow of resources is recorded at the initiation of the leases in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of individual leases.

5. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at cost.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

As the County constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at cost. The reported value excludes normal maintenance and repairs which are costs related to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at estimated fair market value at the date of donation.

Land and construction in progress are not depreciated. Depreciable items of property, plant, equipment, and infrastructure of the County are depreciated using the straight-line method over the following estimated useful lives:

Asset type	Years
System Infrastructure	40
Buildings	30
Improvements other than buildings	10 - 20
Machinery and equipment	5 - 10
Vehicles	5

6. Right-to-use assets

The County has recorded right-to-use intangible assets as a result of implementing GASB 87 and 96. The right-to-use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to implementation of GASB 87 and 96 in the current year. The right-to-use asset is amortized on a straight-line basis over the life of the related lease.

The County recognizes a lease payable and an intangible right-to-use leased asset in the government-wide financial statements for individual values over $5,000. At the commencement of a lease, the County measures the lease payable at the present value of payments expected to be made during the lease term. Subsequently, the lease payable is reduced by the principal amount of the lease payments.

7. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position 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.

In addition to liabilities, the statement of financial position 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

8. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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

9. Net position flow assumption

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

10. Fund balance flow assumption

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

Government-wide financial statements

Net position represents the difference between assets and deferred outflows of resources, liabilities and deferred inflows of resources on the government-wide financial statements. Net position is classified in the following three categories:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

Governmental fund financial statements

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

Nonspendable fund balance - Amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally or contractually required to be maintained intact, such as, prepaids, inventories, and leases. Leases represent a portion of fund balance that is not an available resource because they represent the year-end balance of the leases receivable in excess of the deferred inflow of resources for the leases receivable, which is not a spendable resource.

Restricted fund balance - Amounts reported if, (a) externally imposed by creditors, grantors, contributors, laws, regulations, or other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the County's highest level of decision making authority, the County Commission. The commitment can only be removed through the same action.

Assigned fund balance - Amounts that are constrained by the County's intent to be used for specific purposes but are neither restricted nor committed. This intent is expressed by either the County Commission or delegated by the County Commission to the Auditor’s office. It also includes all remaining amounts that are reported in governmental funds, other than the General Fund that are not classified as nonspendable, restricted nor committed or in the General Fund, that are intended to be used for specific purposes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues and expenditures/expenses

1. Program revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources, are reported as general revenues rather than as program revenues.

2. Property taxes

Property taxes attach as an enforceable lien on real property on January 1st of each year. Taxes are levied on property owners in July and are payable by November 30th. The County bills and collects property taxes for all taxing entities within the County through the Tax Collection Custodial Fund. Collections are periodically distributed to the taxing entities, with final settlement due March 31st of the subsequent year. The County records a receivable and deferred revenue for delinquent taxes, but no allowance for doubtful accounts is made as uncollected taxes are deemed to be substantially collectible or recoverable through foreclosure.

3. Compensated absences

The County's policy permits employees to accumulate earned but unused vacation and sick benefits. The liability for such leave is reported as incurred in the government-wide and proprietary fund financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The County's policy allows for a maximum of 100 hours carryover of vacation into the next year. Sick leave can accumulate to a maximum of 960 hours carryover. The County pays all unused vacation days upon separation but does not compensate for any unused sick leave upon separation.

4. Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the garbage fund is charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary information

Budgets are prepared and adopted, in accordance with State law, by the Morgan County Commission. Annual appropriated budgets are adopted for the general and special revenue funds. Budgets must be adopted on or before December 31st for the following fiscal year, beginning January 1. Budgets may be increased by resolution of the Morgan County Commission at any time during the year. A public hearing must be held regarding any proposed increase in a fund's appropriations. Budgets are adopted at departmental levels. Budget amendments are required only when excess expenditures occur at the departmental level for the General Fund and at the fund level for all other funds. Appropriations lapse at December 31.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Utah State law states that expenditures being made in excess of those budgeted, is an illegally created debt in violation of the Utah Constitution. As such the total illegally created deficit should be budgeted to be made up in the following fiscal year. Deficits arising from emergencies are not illegal and may be retired over 5 years. As of December 31, 2025, no funds had a deficit fund balance.

Excess of expenditures over appropriations

For the year ended December 31, 2025, expenditures exceeded appropriations in the following departments, which were primarily caused from noncash transactions for the execution of new lease agreements and donated capital assets.

	Variance
General fund	
General government:	
Information technology	$ 2,251
Public Safety:	
Records clerk	208
Fleet management	1,655,977
Public works:	
Roads and highways	902
Parks, recreation, and culture:	
Roads and highways	1,799

Utah State law allows for any unassigned fund balance in excess of 5% of the total revenues of the General Fund to be utilized for budget purposes. The law also allows for the accumulation of a fund balance in the General Fund in an amount equal to 65% of the total estimated revenue of the General Fund. In the event that the fund balance, at the end of the fiscal year, is in excess of that allowed, the County has one year to determine an appropriate use and then the excess must be included as an available resource in the General Fund budget. For the year ending December 31, 2025, the County is not over 65% of the total estimated limit of revenue in the General Fund.

NOTE 3 – DEPOSITS AND INVESTMENTS

Cash and investments

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

The County maintains a cash and investment pool that is used by all funds. Each major fund's portion of this pool, and the aggregate portion of the pool relating to nonmajor funds and internal service funds, is displayed on the balance sheet for governmental funds and the statement of net position for proprietary funds, respectively, as "cash and investments." Total nonfiduciary cash and investments is also reflected on the government-wide statement of net position. As of December 31, 2025, cash and investments was comprised of the following:

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Fiduciary Funds
Cash and investments:				
Cash and cash equivalents	$ 54,956	$ 18,592	$ 73,548	$ 8,465,913
Restricted cash and cash equivalents	265,512	-	265,512	-
Investments	11,170,150	647,993	11,818,143	-
Total cash and investments	$ 11,490,618	$ 666,585	$ 12,157,203	$ 8,465,913

Deposits

Custodial Credit Risk - Deposits - Custodial credit risk for deposits is the risk that in the event of a bank failure, the local government's deposits may not be recovered. The County's policy for managing custodial credit risk is to adhere to the Money Management Act. As of December 31, 2025, $8,304,973 of the local government's bank balances of $8,804,973 were uninsured and uncollateralized. $8,465,913 of the bank balances were fiduciary funds.

Investments

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

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

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

The Utah State Treasurer's Office operates the Public Treasurers' Investment Fund (PTIF). The PTIF is available for investment of funds administered by any Utah public treasurer and is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act (Utah Code, Title 51, Chapter 7). The Act established the Money Management Commission which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

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

Fair Value of Investments - The County measures and records its investments using fair value measurement guidelines established by GAAP. These guidelines recognize a three-tiered fair value hierarchy, as follows:

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

	Fair Value Measurements Using			
	Total	Level 1	Level 2	Level 3
Certificates of Deposit	$ 115,724	$ -	$ 115,724	$ -
Corporate Bonds	1,733,810	-	1,733,810	-
Utah State Treasurers' Investment Fund	8,806,670	-	8,806,670	-
U.S. Obligations	1,161,939	-	1,161,939	-
Total investments measured at fair value	$ 11,818,143	$ -	$ 11,818,143	$ -

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Corporate and Municipal Bonds: quoted prices for similar securities in active markets;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each investment type;
- Utah Public Treasurers' Investment Fund: application of the December 31, 2025 fair value factor, as calculated by the Utah State Treasurer, to the Entity's average daily balance in the Fund.

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

As of December 31, 2025, the County's investments had the following maturities:

	Investment Maturities (in years)			
	Total	Less than 1	1-5	6 or more
Certificates of Deposit	$ 115,724	$ 115,724	$ -	$ -
Corporate Bonds	1,733,810	97,686	1,636,124	-
Utah State Treasurers' Investment Fund	8,806,670	8,806,670	-	-
U.S. Obligations	1,161,939	99,774	1,062,165	-
Total investments measured at fair value	$ 11,818,143	$ 9,119,854	$ 2,698,289	$ -

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

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

	Quality Ratings			
	Total	A - rated	B - rated	Unrated
Certificates of Deposit	$ 115,724	$ -	$ -	$ 115,724
Corporate Bonds	1,733,810	1,733,810	-	-
Utah State Treasurers' Investment Fund	8,806,670	-	-	8,806,670
U.S. Obligations	1,161,939	1,161,939	-	-
Total investments measured at fair value	$ 11,818,143	$ 2,895,749	$ -	$ 8,922,394

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The County's policy for reducing this risk of loss is to comply with the Rules of the Money Management Commission. Rule 17 of the Money Management Commission limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar amount held in the portfolio.

Custodial Credit Risk - Investments - For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments that are in the possession of an outside party. The County is authorized to invest in the Utah Public Treasurer's Investment Fund (PTIF), an external pooled investment fund managed by the Utah State Treasurer and subject to the Act and Commission requirements. The PTIF is not registered with the SEC as an investment company, and deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah. The PTIF operates and reports to participants on an amortized cost basis. The income, gains, and losses, net of administration fees, of the PTIF are allocated based upon the participants' average daily balances.

NOTE 4 – RECEIVABLES

Receivables as of December 31, 2025 for the County's governmental and enterprise funds are as follows:

	Governmental Actvities	Business-type Activities	
	General	Garbage	Total
Accounts receivable:			
Ambulance	$ 249,018	$ -	$ 249,018
Other	-	145,674	145,674
	249,018	145,674	394,692
Less: allowance for uncollectibles	(145,691)	(3,759)	(149,450)
Accounts, net of allowance	$ 103,327	$ 141,915	$ 245,242

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	Unavailable	Unearned
Delinquent ambulance receivable	$ 55,323	$ -
Property taxes	52,145	-
Other revenue	-	7,269
MBA lease revenue	29,000	-
Other lease revenue	212,855	-
Recreation registration fees	-	17,206
	$ 349,323	$ 24,475

NOTE 4 – RECEIVABLES (Continued)

Leases receivable

The County's Municipal Building Authority (MBA) constructed a fire station in Mountain Green, Utah in 2002. The County is leasing the fire station to the Mountain Green Fire Protection District under a lease contract between the MBA and the District. At the end of the lease, the title to the property will be transferred to the Mountain Green Fire Protection District. The future minimum lease payments receivable are as follows:

For the year ending December 31,	Principal	Interest	Total
2026	$ 15,000	$ 725	$ 15,725
2027	14,000	350	14,350
	$ 29,000	$ 1,075	$ 30,075

The County leases land to various organizations and individuals at the County airport. The tenants have constructed hangers and pay a monthly lease that increases at 2 percent per annum. At different dates, agreements have been signed for 30-year terms, with current leases that extend through 2051. Monthly payments during 2025 ranged from approximately $60 to $1,800.

The County leases land (approximately 3600 square feet) for access and utility easements. The tenant has constructed a cell tower and pays a monthly lease that increases at 4 percent per annum. The agreement includes 5 additional successive terms of 5 years. Each renewal term shall be deemed extended unless tenants provide prior notification. The County expects the lease to be extended through at least the end of 2034.

Future minimum lease payments receivable are as follows:

For the year ending December 31,	Principal	Interest	Total
2026	$ 25,791	$ 27,760	$ 53,551
2027	28,422	26,747	55,169
2028	31,211	25,630	56,841
2029	34,167	24,403	58,570
2030	37,298	23,058	60,356
2031-2035	200,806	91,163	291,969
2036-2040	93,889	64,074	157,963
2041-2045	109,737	42,422	152,159
2046-2050	113,396	17,919	131,315
2051	11,457	590	12,047
	$ 686,174	$ 343,766	$ 1,029,940

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	$ 1,489,766	$ -	$ -	$ 1,489,766
Water rights	7,000	-	-	7,000
Works of art	24,200	-	-	24,200
Construction-in-progress	665,366	1,615,546	(1,251,539)	1,029,373
Total capital assets, not being depreciated	2,186,332	1,615,546	(1,251,539)	2,550,339
Capital assets, being depreciated:				
Buildings	5,919,797	-	-	5,919,797
Improvements	4,192,281	521,707	-	4,713,988
Machinery and equipment	7,185,140	2,670,265	(574,051)	9,281,354
Infrastructure	8,826,219	739,151	-	9,565,370
Total capital assets, being depreciated	26,123,437	3,931,123	(574,051)	29,480,509
Accumulated depreciation:				
Buildings	(3,613,600)	(119,710)	-	(3,733,310)
Improvements	(2,219,285)	(180,805)	-	(2,400,090)
Machinery and equipment	(4,849,621)	(889,790)	423,278	(5,316,133)
Infrastructure	(2,307,983)	(290,320)	-	(2,598,303)
Total accumulated depreciation	(12,990,489)	(1,480,625)	423,278	(14,047,836)
Total capital assets, net of accumulated depreciation	13,132,948	2,450,498	(150,773)	15,432,673
Total governmental activities capital assets, net	$ 15,319,280	$ 4,066,044	$ (1,402,312)	$ 17,983,012

Right to use assets

Right to use asset activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Right-to-use assets, being amortized:				
Machinery and equipment	$ 61,516	$ -	$ -	$ 61,516
Less: accumulated amortization				
Machinery and equipment	(19,281)	(14,671)	-	(33,952)
Total right-to-use assets, net	$ 42,235	$ (14,671)	$ -	$ 27,564

NOTE 5 – CAPITAL ASSETS (Continued)

Depreciation and amortization expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government	$	279,222
Public safety		530,619
Public health and welfare		74,307
Public works		399,279
Parks, recreation, and culture		199,761
Total depreciation and amortization expense	$	1,483,188

There are no capital assets related to business-type activities as of December 31, 2025.

NOTE 6 – LONG-TERM OBLIGATIONS

Leases Payable

During February 2023, the County entered into an agreement to lease a truck. The lease agreement qualifies as a lease under GASB 87, *Leases*, and therefore, has been recorded at the present value of the remaining future minimum lease payments. The lease requires monthly payments of $1,370 and the lease liability is measured at a discount rate of 18.10 percent.

Consequently, the County also recorded right to use assets with a net book value of $42,235 as of December 31, 2025, as described in Note 5.

The lease liability as of December 31, 2025, was as follows:

Description	Discount rate		Amount
2022 Ram 2500 Vin#5053	18.10%	$	16,059
		$	16,059

The future minimum lease obligations and net present value of these minimum lease payments as of December 31, 2025, were as follows:

For the year ended December 31,		Principal		Interest		Total
2026	$	14,710	$	1,726	$	16,436
2027		1,349		-		1,349
	$	16,059	$	1,726	$	17,785

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Financing Lease-Purchase Agreements

The County has entered into financing lease-purchase agreements, as a lessee, to finance the acquisition of vehicles for the sheriff and public works departments for the year ended December 31, 2025. The lease arrangements for these vehicles are such that ownership transfers to the County immediately upon signing each purchase agreement. Thus, each purchase arrangement is treated as a financing mechanism, and is not deemed by management to be governed by GASB 87.

The balances remaining on assets acquired through these agreements are as follows:

Description	Interest rate	Amount
2020 Mack truck	2.99%	$ 41,821
2020 Dump truck	2.99%	42,697
2022 Mack Truck	6.00%	120,731
John Deere Loader	3.87%	61,774
2023 F-150 VIN#9971	5.85%	5,701
2023 F-150 VIN#0706	5.85%	7,075
2023 F-150 VIN#9851	5.85%	7,467
2023 F-150 VIN#9804	5.85%	7,767
2023 Ram 1500 VIN#2226	5.85%	14,364
2024 Pierce Fire Truck VIN#6762	5.70%	545,965
2025 F-150 VIN#7186	5.85%	28,842
2025 F-150 VIN#6520	5.85%	28,842
2025 F-150 VIN#6521	5.85%	28,639
2025 F-150 VIN#7143	5.85%	28,639
		$ 970,324

Debt service requirements as of December 31, 2025, were as follows:

For the year ended December 31,	Principal	Interest	Total
2026	$ 285,324	$ 51,305	$ 336,629
2027	169,530	36,201	205,731
2028	116,230	26,778	143,008
2029	99,331	20,207	119,538
2030	69,507	15,205	84,712
2031 - 2033	230,402	23,746	254,148
	$ 970,324	$ 173,442	$ 1,143,766

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Revenue Bonds

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. The 2002 MBA Lease Revenue Bond with an original amount of $289,795 matures in 2027 with annual installments of $14,350 to $16,100.

Description	Interest rate	Amount
Mountain Green Fire Station Lease Revenue , Series 2002	2.50%	$ 29,000

Revenue bond annual debt service requirements to maturity are as follows:

For the year ended December 31,	Principal	Interest	Total
2026	$ 15,000	$ 725	$ 15,725
2027	14,000	350	14,350
	$ 29,000	$ 1,075	$ 30,075

NOTE 6 – LONG-TERM OBLIGATIONS (Continued)

Changes in long-term liabilities

Long-term liability activity for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due in One Year
Governmental activities					
Leases payable:					
2022 Ram 2500 Vin#5053	$ 28,349	$ -	$ (12,290)	$ 16,059	$ 14,710
Total	28,349	-	(12,290)	16,059	14,710
Financing lease-purchase agreements:					
2020 Mack truck	82,423	-	(40,602)	41,821	41,820
2020 Dump truck	84,110	-	(41,413)	42,697	42,697
2022 Mack Truck	146,331	-	(25,600)	120,731	27,314
2023 Ram 1500 Vin#1669	5,521	-	(5,521)	-	-
2022 Dodge Durango Pursuit Vin#2566	12,327	-	(12,327)	-	-
2022 Dodge Durango Pursuit Vin#2650	12,439	-	(12,439)	-	-
John Deere Loader	79,429	-	(17,655)	61,774	19,048
2023 F-150 VIN#9971	10,611	-	(4,910)	5,701	5,700
2023 F-150 VIN#0706	13,353	-	(6,278)	7,075	7,074
2023 F-150 VIN#9851	14,028	-	(6,561)	7,467	7,466
2023 F-150 VIN#9804	14,658	-	(6,891)	7,767	7,765
2023 Ram 1500 VIN#2226	27,430	-	(13,066)	14,364	14,363
2024 Pierce Fire Truck VIN#6762	600,244	-	(54,279)	545,965	57,031
2025 F-150 VIN#7186	-	43,327	(14,485)	28,842	13,810
2025 F-150 VIN#6520	-	43,327	(14,485)	28,842	13,810
2025 F-150 VIN#6521	-	43,327	(14,688)	28,639	13,713
2025 F-150 VIN#7143	-	43,327	(14,688)	28,639	13,713
Total	1,102,904	173,308	(305,888)	970,324	285,324
Bonds payable:					
Mountain Green Fire Station	44,000	-	(15,000)	29,000	15,000
Other long-term liabilities:					
Net pension liability	888,371	320,674	-	1,209,045	-
Compensated absences	114,741	219,275	-	334,016	200,409
Governmental activities, long-term liabilities	$ 2,178,365	$ 713,257	$ (333,178)	$ 2,558,444	$ 515,443
Business-type activities					
Other long-term liabilities:					
Net pension liability	$ 9,811	$ 3,551	$ -	$ 13,362	$ -
Compensated absences	3,530	1,466	-	4,996	1,998
Business-type activities, long-term liabilities	$ 13,341	$ 5,017	$ -	$ 18,358	$ 1,998

NOTE 7 - PENSION PLANS

General Information about the Pension Plan

Plan description

Eligible plan participants are provided with pensions through the Utah Retirement Systems. Utah Retirement Systems are comprised of the following Pension Trust Funds:

Defined Benefit Plans

- Public Employees Noncontributory Retirement System (Noncontributory System);
- The Public Safety Retirement System (Public Safety System) is a mixed agent and cost-sharing, multiple-employer retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system;
- Tier 2 Public Safety and Firefighter Contributory Retirement System (Tier 2 Public Safety and Firefighters System) is a multiple employer, cost sharing, public employee retirement system.

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

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

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

NOTE 7 - PENSION PLANS (Continued)

Summary of Benefits by System

Benefits provided: URS provides retirement, disability, and death benefits.

Retirement benefits are as follows:

System	Final Average Salary	Years of Service Required and/or Age Eligible for Benefit	Benefit Percent Per Year of Service	COLA**
Noncontributory System	Highest 3 years	30 years any age 25 years any age* 20 years age 60* 10 years age 62* 4 years age 65	2.0% per year all years	Up to 4%
Public Safety System	Highest 3 years	20 years any age 10 years age 60 4 years age 65	2.5% per year up to 20 years; 2.0% per year over 20 years	Up to 2.5% or 4% depending upon employer
Tier 2 Public Employees System	Highest 5 years	35 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year all years	Up to 2.50%
Tier 2 Public Safety and Firefighter System	Highest 5 years	25 years any age 20 years age 60* 10 years age 62* 4 years age 65	1.5% per year to June 2020; 2.00% per year July 2020 to present	Up to 2.50%

*Actuarial reductions are applied.

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

NOTE 7 - PENSION PLANS (Continued)

Contribution Rate Summary

As a condition of participation in the Systems, employers and/or employees are required to contribute certain percentages of salary and wages as authorized by statute and specified by the 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. Contribution rates as of December 31, 2025 are as follows:

	Tier 1 - DB System			Tier 2 - DB Hybrid System				Tier 2 - 401(k) Option			
	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)	Tier 2 Fund	Employee	Employer	ER 401(k)
Noncontributory System											
15- Local Government	-	15.97	-	111	0.81	14.19	-	211	-	4.19	10.00
Public Safety System Noncontributory											
43- Other Div A with 2.5% COLA	-	33.04	-	122	4.73	24.83	-	222	-	10.83	14.00
Firefighters Retirement System											
31- Other Division A	15.05	1.61	-	132	4.73	14.08	-	232	-	0.08	14.00

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

For fiscal year ended December 31, 2025, the employer and employee contributions to the Systems were as follows:

System	Employer Contributions	Employee Contributions
Noncontributory System	$ 145,607	$ -
Public Safety System	279,319	-
Tier 2 Public Employees System	221,515	11,737
Tier 2 Public Safety and Firefighter	125,171	22,668
Tier 2 DC Only System	37,450	-
Tier 2 DC Public Safety and Firefighter System	85	-
Total Contributions	$ 809,147	$ 34,405

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

NOTE 7 - PENSION PLANS (Continued)

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

At December 31, 2025, we reported a net pension liability of $1,222,407 and a net pension asset of $0.

	Measurement Date: December 31, 2024				
	Net Pension Liability	Net Pension Asset	Proportionate Share	Proportionate Share December 31, 2023	Change (Decrease)
Noncontributory System	$ 377,302	$ -	0.1189807%	0.1239850%	-0.0050043%
Public Safety System	681,764	-	0.4406146%	0.3571755%	0.0834391%
Tier 2 Public Employees System	130,455	-	0.0437419%	0.0399598%	0.0037821%
Tier 2 Public Safety and Firefighter	32,886	-	0.0727120%	0.0583881%	0.0143239%
Total Net Pension Asset / Liability	$ 1,222,407	$ -			

The net pension asset and liability were measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset and liability was determined by an actuarial valuation as of January 1, 2024 and rolled-forward using generally accepted actuarial procedures. The proportion of the net pension asset and liability is equal to the ratio of the employer's actual contributions to the Systems during the plan year over the total of all employer contributions to the System during the plan year.

For the year ended December 31, 2025, we recognized pension expense of $990,462.

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 373,167	$ 2,627
Changes in assumptions	93,224	530
Net difference between projected and actual earnings on pension plan investments	242,112	-
Changes in proportion and differences between contributions and proportionate share of contributions	44,987	4,896
Contributions subsequent to the measurement date	809,146	-
Total	$ 1,562,636	$ 8,053

NOTE 7 - PENSION PLANS (Continued)

$809,146 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ 336,760
2026	403,960
2027	(82,440)
2028	(2,403)
2029	35,745
Thereafter	53,815

NOTE 7 - PENSION PLANS (Continued)

Noncontributory System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, we recognized pension expense of $344,444.

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 224,818	$ -
Changes in assumptions	31,210	-
Net difference between projected and actual earnings on pension plan investments	113,649	-
Changes in proportion and differences between contributions and proportionate share of contributions	342	680
Contributions subsequent to the measurement date	145,607	-
Total	$ 515,626	$ 680

$145,607 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ 215,852
2026	208,023
2027	(46,115)
2028	(8,421)
2029	-
Thereafter	-

NOTE 7 - PENSION PLANS (Continued)

Public Safety System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, we recognized pension expense of $456,681.

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 72,043	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	117,993	-
Changes in proportion and differences between contributions and proportionate share of contributions	23,536	-
Contributions subsequent to the measurement date	279,319	-
Total	$ 492,891	$ -

$279,319 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ 102,703
2026	167,483
2027	(47,926)
2028	(8,688)
2029	-
Thereafter	-

NOTE 7 - PENSION PLANS (Continued)

Firefighters System Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, we recognized pension expense of ($102).

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	3
Contributions subsequent to the measurement date	-	-
Total	$ -	$ 3

$0 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ (3)
2026	-
2027	-
2028	-
2029	-
Thereafter	-

NOTE 7 - PENSION PLANS (Continued)

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

For the year ended December 31, 2025, we recognized pension expense of $142,078.

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 56,397	$ 899
Changes in assumptions	43,570	13
Net difference between projected and actual earnings on pension plan investments	8,338	-
Changes in proportion and differences between contributions and proportionate share of contributions	17,638	994
Contributions subsequent to the measurement date	258,964	-
Total	$ 384,907	$ 1,906

$258,964 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ 14,636
2026	22,828
2027	9,621
2028	11,918
2029	28,858
Thereafter	36,175

NOTE 7 - PENSION PLANS (Continued)

Tier 2 Public Safety and Firefighter Pension Expense, and Deferred Outflows and Inflows of Resources

For the year ended December 31, 2025, we recognized pension expense of $47,362.

At December 31, 2025 we reported deferred outflows of resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 19,909	$ 1,728
Changes in assumptions	18,444	517
Net difference between projected and actual earnings on pension plan investments	2,132	-
Changes in proportion and differences between contributions and proportionate share of contributions	3,471	3,219
Contributions subsequent to the measurement date	125,256	-
Total	$ 169,212	$ 5,464

$125,256 reported as deferred outflows of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date of December 31, 2024.

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

Year Ended December 31,	Net Deferred Outflows (Inflows) of Resources
2025	$ 3,572
2026	5,626
2027	1,980
2028	2,788
2029	6,887
Thereafter	17,640

NOTE 7 - PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.5 - 9.5 percent, average, including inflation
Investment rate of return	6.85 percent, net of pension plan investment expense, including inflation

Mortality rates were developed from an actuarial experience study dated January 1, 2023. The retired mortality tables are developed using URS retiree experience and are based upon gender, occupation, and age as appropriate with projected improvement using the ultimate rates from the MP-2020 improvement scale using a base year of 2020. The mortality assumption for active members is the PUB-2010 Employees Mortality Table for public employees, teachers, and public safety members, respectively.

The actuarial assumptions used in the January 1, 2024, valuation were based on the results of an actuarial experience study for the period ending December 31, 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class 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:

	Expected Return Arithmetic Basis		
Asset Class	Target Asset Allocation	Real Return Arithmetic Basis	Long-Term Expected Portfolio Real Rate of Return
Equity securities	35.00%	7.01%	2.45%
Debt securities	20.00%	2.54%	0.51%
Real assets	18.00%	5.45%	0.98%
Private equity	12.00%	10.05%	1.21%
Absolute return	15.00%	4.36%	0.65%
Cash and cash equivalents	0.00%	0.49%	0.00%
Totals	100.00%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

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

NOTE 7 - PENSION PLANS (Continued)

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

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

System	1% Decrease of 5.85%	Discount Rate of 6.85%	1% Increase of 7.85%
Noncontributory System	$ 1,595,676	$ 377,302	$ (644,520)
Public Safety System	2,094,476	681,764	(470,988)
Tier 2 Public Employees System	389,638	130,455	(71,163)
Tier 2 Public Safety and Firefighter	112,141	32,886	(30,478)
Total	$ 4,191,931	$ 1,222,407	$ (1,217,149)

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

Defined Contribution Savings Plan

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

Morgan County participates in the following Defined Contribution Savings Plans with Utah Retirement Systems:

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

NOTE 7 - PENSION PLANS (Continued)

Employee and employer contributions to the Utah Retirement Defined Contribution Savings Plans for fiscal year ended December 31, were as follows:

	2025	2024	2023
401(k) Plan			
Employer Contributions	$ 101,799	$ 63,866	$ 45,195
Employee Contributions	118,855	95,297	92,468
457(b) Plan			
Employer Contributions	-	-	-
Employee Contributions	13,943	12,513	5,970
Roth IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	21,814	10,955	7,131
Traditional IRA Plan			
Employer Contributions	N/A	N/A	N/A
Employee Contributions	2,600	1,950	1,100

NOTE 8 - OTHER INFORMATION

Risk management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the County carries commercial insurance purchased from independent third parties. The County is a member of the Utah Counties Insurance Pool (UCIP), a public entity risk pool operating as a common risk management and insurance program for Utah Counties. The County pays an annual premium to UCIP for its general insurance coverage.

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the County expects such amounts, if any, to be immaterial.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2026, the date that the financial statements were available to be issued. There have been no subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet.

NOTE 10 – PRIOR PERIOD ADJUSTMENTS/RECLASSIFICATIONS

The County has elected to record prior period adjustments for the following:

Custodial Subdivision Bonds

Over the last few years, the County has been attempting to reconcile the custodial subdivision bonds. During the current year, the County noted balances that were recorded in the general fund which should have been recorded in the custodial funds.

Interest Income

The County failed to allocate interest income from the general fund to the impact fees fund in the prior year.

Economic Development

The County in a prior period recorded expenditures to the economic development fund that should have been recorded in the tourism fund.

The following table represents the prior period adjustments as described above:

	General Fund	Impact Fees Fund	Economic Development Fund	Tourism Fund	Governmental Activities
Fund balance/Net position, as of					
December 31, 2024, as previously reported	$ 7,816,531	$ 1,207,464	$ (44,764)	$ 294,422	$ 28,041,835
Error corrections:					
Custodial subdivision bonds	(430,778)	-	-	-	(430,778)
Interest income	(60,003)	60,003	-	-	-
Economic development and tourism	-	-	44,764	(44,764)	-
Fund balance/Net position, as of					
December 31, 2024, as restated	$ 7,325,750	$ 1,267,467	$ -	$ 249,658	$ 27,611,057

REQUIRED SUPPLEMENTAL INFORMATION

MORGAN COUNTY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended December 31, 2025

	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance: Original to Final Budget	Variance: Final Budget to Actual
REVENUES					
Taxes:					
Property, current	$ 3,973,457	$ 4,412,908	$ 4,273,304	$ 439,451	$ (139,604)
Property, delinquent	125,000	126,400	283,778	1,400	157,378
Fee in lieu	362,000	362,000	433,703	-	71,703
Assessing and collecting	697,837	769,971	807,976	72,134	38,005
Sales and use	2,888,622	2,888,622	3,132,040	-	243,418
Penalties and interest	47,254	47,254	58,665	-	11,411
Total taxes	8,094,170	8,607,155	8,989,466	512,985	382,311
Licenses and permits:					
Building permits	2,771,669	2,805,669	1,519,641	34,000	(1,286,028)
Business licenses	22,987	22,987	71,769	-	48,782
Conditional use licenses	150,000	150,000	206,576	-	56,576
Marriage licenses	660	660	820	-	160
Animal licenses	3,000	3,000	2,475	-	(525)
Total licenses and permits	2,948,316	2,982,316	1,801,281	34,000	(1,181,035)
Intergovernmental:					
Federal grants	121,890	138,640	99,255	16,750	(39,385)
State grants	352,019	527,766	359,015	175,747	(168,751)
State liquor allotment	22,000	22,000	-	-	(22,000)
Shared revenue from other governments	350,000	558,203	438,979	208,203	(119,224)
Total intergovernmental	845,909	1,246,609	897,249	400,700	(349,360)
Charges for services:					
Recording fees	188,777	188,777	166,798	-	(21,979)
Planning and zoning	86,819	86,819	30,406	-	(56,413)
Ambulance fees	335,000	381,800	540,211	46,800	158,411
Parks and recreation	-	-	-	-	-
Other fees	276,961	1,359,023	551,019	1,082,062	(808,004)
Total charges for services	887,557	2,016,419	1,288,434	1,128,862	(727,985)
Fines and forfeitures	202,500	202,500	291,017	-	88,517
Lease and rental revenue:					
Airport	-	-	-	-	-
Parks and recreation	-	-	600	-	600
Other	2,500	2,500	3,065	-	565
Total lease and rental revenue	2,500	2,500	3,665	-	1,165
Other revenue	100,000	159,086	1,262,386	59,086	1,103,300
Investment earnings	410,053	410,053	486,753	-	76,700
Total revenues	$ 13,491,005	$ 15,626,638	$ 15,020,251	$ 2,135,633	$ (606,387)

MORGAN COUNTY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended December 31, 2025

	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance: Original to Final Budget	Variance: Final Budget to Actual
EXPENDITURES					
General government:					
County council	$ 189,108	$ 209,108	$ 202,181	$ 20,000	$ (6,927)
Justice of the peace	80,132	80,132	77,439	-	(2,693)
Attorney for the indigent	-	81,589	64,560	81,589	(17,029)
Microfilming	-	-	-	-	-
Clerk/Auditor	185,472	435,384	369,248	249,912	(66,136)
Treasurer	98,623	314,665	247,844	216,042	(66,821)
Recorder	161,301	642,916	623,004	481,615	(19,912)
Attorney	183,009	578,291	512,315	395,282	(65,976)
Assessor	99,753	500,238	494,074	400,485	(6,164)
Surveyor	-	-	-	-	-
Human resources	167,419	168,819	166,174	1,400	(2,645)
Information technology	98,727	474,719	476,970	375,992	2,251
Non-departmental	1,354,439	1,526,777	1,136,196	172,338	(390,581)
Buildings and grounds	158,364	284,364	274,684	126,000	(9,680)
Elections	-	-	-	-	-
Community development	529,152	1,433,588	1,195,829	904,436	(237,759)
GIS	59,245	59,245	18,239	-	(41,006)
Administrative manager	200,050	203,750	200,297	3,700	(3,453)
Fleet management	6,000	10,162	8,712	4,162	(1,450)
Total general government	3,570,794	7,003,747	6,067,766	3,432,953	(935,981)
Public safety:					
Sheriff's office	817,482	2,940,387	2,767,108	2,122,905	(173,279)
Records clerk	72,047	217,474	217,682	145,427	208
Dispatch services	-	312,000	303,926	312,000	(8,074)
Liquor law enforcement	212	26,512	24,755	26,300	(1,757)
County fire department	55,051	551,165	464,431	496,114	(86,734)
Cooperative fire department	-	140,500	131,396	140,500	(9,104)
County jail	320,000	320,000	80,944	-	(239,056)
Animal control	89,214	90,814	83,695	1,600	(7,119)
Emergency management	114,905	225,000	170,421	110,095	(54,579)
Fleet management	364,000	905,202	2,561,179	541,202	1,655,977
Total public safety	1,832,911	5,729,054	6,805,537	3,896,143	1,076,483
Public health and welfare:					
Ambulance	193,970	1,529,841	1,344,454	1,335,871	(185,387)
Fleet management	(33,546)	372,454	20,206	406,000	(352,248)
Total public health and welfare	160,424	1,902,295	1,364,660	1,741,871	(537,635)
Public works:					
Roads and highways	620,809	721,885	722,787	101,076	902
Weed department	-	-	-	-	-
Fleet management	160,500	160,500	2,789	-	(157,711)
Total public works	781,309	882,385	725,576	101,076	(156,809)
Parks, recreation, and culture:					
Parks	136,368	189,109	146,203	52,741	(42,906)
Airport	-	-	1,799	-	1,799
Recreation	-	-	(3,549)	-	(3,549)
Fair	18,447	18,447	17,075	-	(1,372)
Total parks, recreation, and culture	154,815	207,556	161,528	52,741	(46,028)
Other expenditures:					
Television tower	-	5,300	480	5,300	(4,820)
Extension service	5,410	169,711	158,008	164,301	(11,703)
Total other expenditures	5,410	175,011	158,488	169,601	(16,523)
Total expenditures	6,505,663	15,900,048	15,283,555	9,394,385	(616,493)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	6,985,342	(273,410)	(263,304)	(7,258,752)	10,106
OTHER FINANCING SOURCES (USES)					
Leases (as lessee)	-	-	173,308	-	173,308
Sale of general capital assets	-	-	218,428	-	218,428
Transfers out	(204,031)	(528,949)	(486,031)	(324,918)	42,918
NET CHANGE IN FUND BALANCES	$ 6,781,311	$ (802,359)	$ (356,489)	$ (7,583,670)	$ 445,870

MORGAN COUNTY, UTAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - FAIR FUND
For the Year Ended December 31, 2025

	Budgeted Amounts				
	Original	Final	Actual Amounts	Variance: Original to Final Budget	Variance: Final Budget to Actual
REVENUES					
Intergovernmental	$ -	$ -	$ 14,981	$ -	$ 14,981
Charges for services	98,000	98,000	118,666	-	20,666
Lease and rental revenue	26,532	26,532	25,141	-	(1,391)
Contributions and donations	87,000	87,000	77,270	-	(9,730)
Other revenues	-	-	4,244	-	4,244
Interest and investment income	-	-	9,456	-	9,456
Total revenues	211,532	211,532	249,758	-	38,226
EXPENDITURES					
Parks, recreation, and culture	-	361,532	291,179	361,532	(70,353)
Total expenditures	-	361,532	291,179	361,532	(70,353)
NET CHANGE IN FUND BALANCES	$ 211,532	$ (150,000)	$ (41,421)	$ (361,532)	$ 108,579

MORGAN COUNTY, UTAH
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2024
December 31, 2025
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Noncontributory System										
Proportion of the net pension liability (asset)	0.1555571%	0.1514487%	0.1532870%	0.1322064%	0.1351742%	0.1300322%	0.1133612%	0.1180440%	0.1239850%	0.1189807%
Proportionate share of the net pension liability (asset)	$ 880,218	$ 972,486	$ 671,596	$ 973,531	$ 509,454	$ 66,699	$ (649,232)	$ 202,180	$ 287,591	$ 377,302
Covered employee payroll	$ 1,328,919	$ 1,317,581	$ 1,309,939	$ 1,133,895	$ 1,169,966	$ 1,120,784	$ 914,264	$ 930,606	$ 983,076	$ 847,405
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	66.24%	73.81%	51.27%	85.86%	43.54%	5.95%	-71.01%	21.73%	29.25%	44.52%
Plan fiduciary net position as a percentage of the total pension liability	87.80%	87.30%	91.90%	87.00%	93.70%	99.20%	108.70%	97.50%	96.90%	96.02%
Public Safety System										
Proportion of the net pension liability (asset)	0.2856158%	0.2454299%	0.2523327%	0.2390415%	0.2601665%	0.3811295%	0.3673976%	0.3852160%	0.3571755%	0.4406146%
Proportionate share of the net pension liability (asset)	$ 511,610	$ 498,045	$ 395,824	$ 614,955	$ 417,728	$ 316,429	$ (298,379)	$ 498,113	$ 510,820	$ 681,764
Covered employee payroll	$ 476,368	$ 405,211	$ 403,103	$ 410,971	$ 408,559	$ 597,958	$ 585,779	$ 765,015	$ 795,608	$ 985,555
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	107.40%	122.91%	98.19%	149.63%	102.24%	52.92%	-50.94%	65.11%	64.20%	69.18%
Plan fiduciary net position as a percentage of the total pension liability	87.10%	86.50%	90.20%	84.70%	90.90%	95.50%	104.20%	93.60%	93.44%	93.30%
Firefighters Retirement System										
Proportion of the net pension liability (asset)	0.0000000%	0.0211007%	0.2403496%	0.2070631%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%
Proportionate share of the net pension liability (asset)	$ -	$ (166)	$ (15,011)	$ 26,887	$ -	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ -	$ 6,002	$ 70,317	$ 64,767	$ 55,617	$ -	$ -	$ -	$ -	$ -
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	0.00%	-2.77%	-21.35%	41.51%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	0.00%	100.40%	103.00%	94.30%	105.00%	0.00%	0.00%	0.00%	0.00%	0.00%

MORGAN COUNTY, UTAH
SCHEDULE OF PROPORTIONATE SHARE OF NET PENSION LIABILITY (Continued)
UTAH RETIREMENT SYSTEMS
Measurement Date of December 31, 2024
December 31, 2025
Last 10 Fiscal Years*

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Tier 2 Public Employees System										
Proportion of the net pension liability (asset)	0.0355607%	0.0379475%	0.0313925%	0.0255248%	0.0233918%	0.0242042%	0.0275640%	0.0384424%	0.0399598%	0.0437419%
Proportionate share of the net pension liability (asset)	$ (78)	$ 4,233	$ 2,768	$ 10,932	$ 5,261	$ 3,482	$ (11,666)	$ 41,859	$ 77,777	$ 130,455
Covered employee payroll	$ 229,771	$ 311,200	$ 307,337	$ 298,682	$ 325,260	$ 386,812	$ 512,060	$ 836,525	$ 1,033,099	$ 1,295,907
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	-0.03%	1.36%	0.90%	3.66%	1.62%	0.90%	-2.28%	5.00%	7.53%	10.07%
Plan fiduciary net position as a percentage of the total pension liability	100.20%	95.10%	97.40%	90.80%	96.50%	98.30%	103.80%	92.30%	89.58%	87.44%
Tier 2 Public Safety and Firefighters System										
Proportion of the net pension liability (asset)	0.0674993%	0.1508930%	0.1823062%	0.1138477%	0.1117770%	0.1163925%	0.0926828%	0.0594498%	0.0583881%	0.0727120%
Proportionate share of the net pension liability (asset)	$ (986)	$ (1,310)	$ (2,109)	$ 2,853	$ 10,514	$ 10,440	$ (4,684)	$ 4,960	$ 21,994	$ 32,886
Covered employee payroll	$ 40,160	$ 124,672	$ 192,485	$ 152,722	$ 184,232	$ 233,080	$ 221,641	$ 182,914	$ 221,236	$ 331,910
Proportionate share of the net pension liability (asset) as a percentage of its covered employee	-2.46%	-1.05%	-1.10%	1.87%	5.71%	4.48%	-2.11%	2.71%	9.94%	9.91%
Plan fiduciary net position as a percentage of the total pension liability	110.70%	103.60%	103.00%	95.60%	89.60%	93.10%	102.80%	96.40%	89.10%	90.10%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred within the employer's fiscal year.

MORGAN COUNTY, UTAH
SCHEDULE OF CONTRIBUTIONS
UTAH RETIREMENT SYSTEMS
For the Year Ended December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Noncontributory Retirement System										
Contractually required contribution	$ 237,968	$ 239,606	$ 206,982	$ 215,739	$ 207,481	$ 168,464	$ 166,154	$ 176,659	$ 152,278	$ 145,607
Contributions in relation to the contractually required contribution	(237,968)	(239,606)	(206,982)	(215,739)	(207,481)	(168,464)	(166,154)	(176,659)	(152,278)	(145,607)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	1,317,581	1,309,853	1,133,896	1,170,612	1,124,031	914,264	912,969	983,076	835,163	891,123
Contributions as a percentage of covered-employee payroll	18.06%	18.29%	18.25%	18.43%	18.46%	18.43%	18.20%	17.97%	18.23%	16.34%
Public Safety Retirement System										
Contractually required contribution	$ 112,826	$ 111,535	$ 110,319	$ 121,897	$ 184,386	$ 183,023	$ 221,613	$ 208,381	$ 265,228	$ 279,319
Contributions in relation to the contractually required contribution	(112,826)	(111,535)	(110,319)	(121,897)	(184,386)	(183,023)	(221,613)	(208,381)	(265,228)	(279,319)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	405,211	397,330	410,985	408,127	589,925	585,779	759,282	795,608	981,210	1,051,312
Contributions as a percentage of covered-employee payroll	27.84%	28.07%	26.84%	29.87%	31.26%	31.24%	29.19%	26.19%	27.03%	26.57%
Firefighters System										
Contractually required contribution	$ 233	$ 2,750	$ 2,656	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(233)	(2,750)	(2,656)	-	-	-	-	-	-	-
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	6,002	70,317	62,854	-	-	-	-	-	-	-
Contributions as a percentage of covered-employee payroll	3.88%	3.91%	4.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Tier 2 Public Employees System										
Contractually required contribution	$ 46,400	$ 46,406	$ 46,620	$ 50,633	$ 60,614	$ 82,644	$ 136,406	$ 167,009	$ 206,951	$ 221,515
Contributions in relation to the contractually required contribution	(46,400)	(46,406)	(46,620)	(50,633)	(60,614)	(82,644)	(136,406)	(167,009)	(206,951)	(221,515)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	311,200	309,377	304,453	324,610	385,476	519,044	850,664	1,043,153	1,326,700	1,524,960
Contributions as a percentage of covered-employee payroll	14.91%	15.00%	15.31%	15.60%	15.72%	15.92%	16.04%	16.01%	15.60%	14.53%

MORGAN COUNTY, UTAH
SCHEDULE OF CONTRIBUTIONS (Continued)
UTAH RETIREMENT SYSTEMS
For the Year Ended December 31, 2025

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Tier 2 Public Safety and Firefighters System										
Contractually required contribution	$ 28,054	$ 43,769	$ 34,845	$ 42,755	$ 57,711	$ 57,250	$ 47,511	$ 57,149	$ 86,651	$ 125,171
Contributions in relation to the contractually required contribution	(28,054)	(43,769)	(34,845)	(42,755)	(57,711)	(57,250)	(47,511)	(57,149)	(86,651)	(125,171)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	124,672	192,485	152,722	184,997	239,366	221,641	182,914	221,236	341,097	499,531
Contributions as a percentage of covered-employee payroll	22.50%	22.74%	22.82%	23.11%	24.11%	25.83%	25.97%	25.83%	25.40%	25.06%
Tier 2 DC Public Employees System										
Contractually required contribution	$ -	$ 2,731	$ 4,351	$ 6,378	$ 6,636	$ 10,643	$ 10,156	$ 16,313	$ 23,697	$ 37,450
Contributions in relation to the contractually required contribution	-	(2,731)	(4,351)	(6,378)	(6,636)	(10,643)	(10,156)	(16,313)	(23,697)	(37,450)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	40,815	65,030	75,026	79,815	159,088	156,775	263,528	427,009	805,451
Contributions as a percentage of covered-employee payroll	0.00%	6.69%	6.69%	8.50%	8.31%	6.69%	6.48%	6.19%	5.55%	4.65%
Tier 2 DC Public Safety and Firefighters System										
Contractually required contribution	$ -	$ -	$ -	$ -	$ 59	$ 63	$ 67	$ 75	$ 81	$ 85
Contributions in relation to the contractually required contribution	-	-	-	-	(59)	(63)	(67)	(75)	(81)	(85)
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
Covered employee payroll	-	-	-	-	73,301	78,998	83,405	93,205	101,491	106,734
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.08%	0.08%	0.08%	0.08%	0.08%	0.08%

*Contributions in Tier 2 include an amortization rate to help fund the unfunded liabilities in the Tier 1 systems. Tier 2 systems were created effective July 1, 2011. Paragraph 81.b of GASB 68 requires employers to disclose a 10-year history of contributions in RSI. Contributions as a percentage of covered-payroll may be different than the board certified rate due to rounding and other administrative practices.

Changes in Assumptions

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

SUPPLEMENTAL INFORMATION

Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts and major capital projects) that are legally restricted to expenditures for specified purposes. Morgan County has the following nonmajor special revenue funds:

RAMP Tax Fund - This fund is to account for restricted tax funds for recreation, Arts, Museums, and Parks (RAMP) initiatives.

Additional Transit Tax - Local Fund - This fund is to account for restricted tax funds.

Additional Transit Tax - County Fund - This fund is to account for restricted tax funds.

County Mass Transit Tax Fund - This fund is to account for restricted tax funds.

Greenbelt Rollback Tax Fund - This fund is to account for restricted tax funds.

Opioid Fund - This fund is to account for activities associated with opioid settlement monies funded primarily by intergovernmental grants.

Road Fund - This fund is to account for the tax funds used to improve and maintain County B-Roads.

Flood Disaster Fund - This fund is to account for tax funds used to prevent, mitigate, and repair flood/disaster damaged public property.

Health Services Fund - This fund is used to account for taxes and activities related to the Weber-Morgan Health Department for public health services and to Weber Human Services for mental health, substance abuse, and aging services.

Mineral Lease Fund - This fund is used to account for mineral lease appropriations to expend on parks and recreation.

Library Fund - This fund is used to account for activities related to the library.

Impact Fees Fund – This fund is used to account for activities related to impact fees.

Park Fund - This fund is used to account for donations and activities related to developing the County owned parks.

Redevelopment Agency Fund (RDA) - This fund is used to account for redevelopment agency transactions conducted by the County, including property acquisition, site improvements, preparation costs, installation of public improvements, and administration costs.

Corridor Preservation Fund - This fund accounts for corridor preservation taxes, which are levied by the County and the held to reimburse the Utah Department of Transportation for its purchases of land for future transportation corridors through the County.

Recreation Fund – This fund is used for activities related to recreation programs.

Economic Development Fund - This fund is to account for activities associated with economic development funded primarily by intergovernmental grants.

Tourism Fund - This fund is to account for the tax funds from transient room, restaurant and tourism restricted for spending associated with tourism.

Debt Service Fund

The debt service fund accounts for the resources accumulated and payments made for principal and interest on the long-term general obligation debt of the MBA fund.

Capital Project Fund

The capital projects fund accounts for financial resources to be used for acquisition or construction of major capital facilities (other than those financed by proprietary funds)

MORGAN COUNTY, UTAH
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	Special Revenue																		Debt Service		Total
	RAMP Tax	Additional Transit Tax - Local	Additional Transit Tax - County	County Mass Transit Tax	Greenbelt Rollback Tax	Opioid	Road	Flood Disaster	Health Services	Mineral Lease	Library	Impact Fees	Park	RDA	Corridor Preservation	Recreation	Economic Development	Tourism	MBA	Capital Projects	Nonmajor Governmental Funds
ASSETS																					
Cash, cash equivalents, and investments	$ 96,599	$ 213,908	$ 283,499	$ 902,846	$ 330,531	$ 131,638	$ 116,457	$ 104,585	$ 106,473	$ 34,760	$ 493,717	$ 1,507,581	$ 16,229	$ -	$ 153,932	$ 517,485	$ 37,686	$ 194,295	$ 16,298	$ 377,925	$ 5,636,444
Accounts receivable, net of allowance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Taxes receivable	62,729	41,327	94,091	156,852	-	-	-	9,160	53,530	-	72,434	-	-	-	-	-	-	44,661	-	34,108	568,892
Due from other governments	-	-	-	-	-	-	131,902	-	-	-	-	-	-	-	-	-	-	-	-	-	131,902
Leases receivable	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,000	-	29,000
Total assets	$ 159,328	$ 255,235	$ 377,590	$ 1,059,698	$ 330,531	$ 131,638	$ 248,359	$ 113,745	$ 160,003	$ 34,760	$ 566,151	$ 1,507,581	$ 16,229	$ -	$ 153,932	$ 517,485	$ 37,686	$ 238,956	$ 45,298	$ 412,033	$ 6,366,238
LIABILITIES																					
Accounts payable	$ -	$ -	$ -	$ -	$ -	$ -	$ 69,520	$ 986	$ -	$ -	$ 4,448	$ -	$ -	$ -	$ -	$ 6,665	$ 48	$ -	$ -	$ 14,140	$ 95,807
Accrued liabilities	-	-	-	-	-	-	-	-	-	-	12,867	-	-	-	-	13,001	-	-	-	-	25,868
Due to other funds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unearned revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	17,206	37,638	-	-	-	54,844
Total liabilities	-	-	-	-	-	-	69,520	986	-	-	17,315	-	-	-	-	36,872	37,686	-	-	14,140	176,519
DEFERRED INFLOWS OF RESOURCES																					
Unavailable revenue - property taxes	-	-	-	-	-	-	-	231	1,935	-	2,653	-	-	-	-	-	-	-	-	1,255	6,074
Unavailable revenue - MBA lease revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	29,000	-	29,000
Unavailable revenue - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Leases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-	-	231	1,935	-	2,653	-	-	-	-	-	-	-	29,000	1,255	35,074
FUND BALANCES																					
Nonspendable:																					
Prepaid and other assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			-	-	-
Restricted for:																					
Roads	-	255,235	377,590	1,059,698	330,531	131,638	178,839	-	-	-	-	-	-	-	-	-	-	-	-	-	2,333,531
Impact fees	-	-	-	-	-	-	-	-	-	-	-	1,507,581	-	-	-	-	-	-	-	-	1,507,581
Public safety	-	-	-	-	-	-	-	112,528	-	-	-	-	-	-	-	-	-	-	16,298	-	128,826
Public health and welfare	-	-	-	-	-	-	-	-	158,068	-	-	-	-	-	-	-	-	-	-	-	158,068
Community development	-	-	-	-	-	-	-	-	-	34,760	-	-	-	-	153,932	-	-	-	-	396,638	585,330
Parks, recreation, and culture	159,328	-	-	-	-	-	-	-	-	-	546,183	-	16,229	-	-	480,613	-	238,956	-	-	1,441,309
Unassigned	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total fund balances	159,328	255,235	377,590	1,059,698	330,531	131,638	178,839	112,528	158,068	34,760	546,183	1,507,581	16,229	-	153,932	480,613	-	238,956	16,298	396,638	6,154,645
Total liabilities, deferred inflows of resources, and fund balances	$ 159,328	$ 255,235	$ 377,590	$ 1,059,698	$ 330,531	$ 131,638	$ 248,359	$ 113,745	$ 160,003	$ 34,760	$ 566,151	$ 1,507,581	$ 16,229	$ -	$ 153,932	$ 517,485	$ 37,686	$ 238,956	$ 45,298	$ 412,033	$ 6,366,238

MORGAN COUNTY, UTAH
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	Special Revenue																		Debt Service		
	RAMP Tax	Additional Transit Tax - Local	Additional Transit Tax - County	County Mass Transit Tax	Greenbelt Rollback Tax	Opioid	Road	Flood Disaster	Health Services	Mineral Lease	Library	Impact Fees	Park	RDA	Corridor Preservation	Recreation	Economic Development	Tourism	MBA	Capital Projects	Total Nonmajor Governmental Funds
REVENUES																					
Taxes	$ 277,079	$ 192,353	$ 414,956	$ 691,877	$ 330,531	$ -	$ -	$ 35,576	$ 281,184	$ 4,137	$ 382,385	$ -	$ -	$ -	$ -	$ -	$ -	$ 257,779	$ -	$ 180,264	$ 3,048,121
Intergovernmental	-	-	-	-	-	14,601	988,871	4,606	-	-	18,823	-	-	-	171,570	-	227,223	41,486	-	-	1,467,180
Charges for services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	207,560	-	100	-	-	207,660
Fines and forfeitures	-	-	-	-	-	-	-	-	-	-	1,796	-	-	-	-	-	-	-	-	-	1,796
Impact fees	-	-	-	-	-	-	-	-	-	-	-	301,893	-	-	-	-	-	-	-	-	301,893
Lease and rental revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,101	-	16,101
Other revenues	-	-	-	-	-	-	-	-	-	-	1,567	-	6,780	-	-	-	-	9,800	-	-	18,147
Interest income	-	-	-	-	-	-	-	-	-	-	-	57,279	-	-	-	-	-	-	402	-	57,681
Total revenues	277,079	192,353	414,956	691,877	330,531	14,601	988,871	40,182	281,184	4,137	404,571	359,172	6,780	-	171,570	207,560	227,223	309,165	16,503	180,264	5,118,579
EXPENDITURES																					
Current:																					
General government	-	-	-	-	-	-	-	(14,240)	-	-	-	-	-	-	-	-	-	-	-	(112,510)	(126,750)
Public health and welfare	-	-	-	-	-	-	-	-	356,530	-	-	-	-	-	-	-	-	-	-	-	356,530
Public works	-	250,000	62,028	466,990	-	-	652,906	-	-	-	-	-	-	-	-	-	-	-	-	-	1,431,924
Parks, recreation, and culture	-	-	-	-	-	-	-	-	-	-	324,322	(26,519)	-	-	400,000	425,581	-	319,867	-	-	1,443,251
Economic development	-	-	-	-	-	-	-	-	-	-	-	-	-	375	-	-	227,223	-	-	-	227,598
Capital outlay:																					
General government	-	-	-	-	-	-	-	70,741	-	-	-	-	-	-	-	-	-	-	-	308,665	379,406
Public works	-	-	-	-	-	-	145,477	-	-	-	-	-	-	-	-	-	-	-	-	-	145,477
Parks, recreation, and culture	-	-	590,947	39,540	-	-	-	-	-	-	-	145,577	-	-	-	18,027	-	-	-	-	794,091
Debt service:																					
Principal	-	-	-	-	-	-	2,547	-	-	-	-	-	-	-	-	-	-	-	15,000	-	17,547
Interest and other financial	-	-	-	-	-	-	859	-	-	-	-	-	-	-	-	-	-	-	1,100	-	1,959
Total expenditures	-	250,000	652,975	506,530	-	-	801,789	56,501	356,530	-	324,322	119,058	-	375	400,000	443,608	227,223	319,867	16,100	196,155	4,671,033
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	277,079	(57,647)	(238,019)	185,347	330,531	14,601	187,082	(16,319)	(75,346)	4,137	80,249	240,114	6,780	(375)	(228,430)	(236,048)	-	(10,702)	403	(15,891)	447,546
OTHER FINANCING SOURCES (USES)																					
Transfers in	-	-	-	-	-	117,037	-	1,645	80,200	-	-	-	-	-	-	302,921	-	-	-	100,000	601,803
Transfers out	(200,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(200,000)
Total other financing sources (uses)	(200,000)	-	-	-	-	117,037	-	1,645	80,200	-	-	-	-	-	-	302,921	-	-	-	100,000	401,803
NET CHANGE IN FUND BALANCE	77,079	(57,647)	(238,019)	185,347	330,531	131,638	187,082	(14,674)	4,854	4,137	80,249	240,114	6,780	(375)	(228,430)	66,873	-	(10,702)	403	84,109	849,349
FUND BALANCES																					
Beginning of year (restated, Note 10)	82,249	312,882	615,609	874,351	-	-	(8,243)	127,202	153,214	30,623	465,934	1,267,467	9,449	375	382,362	413,740	-	249,658	15,895	312,529	5,305,296
End of year	$ 159,328	$ 255,235	$ 377,590	$ 1,059,698	$ 330,531	$ 131,638	$ 178,839	$ 112,528	$ 158,068	$ 34,760	$ 546,183	$ 1,507,581	$ 16,229	$ -	$ 153,932	$ 480,613	$ -	$ 238,956	$ 16,298	$ 396,638	$ 6,154,645

MORGAN COUNTY, UTAH
SCHEDULE OF RECEIPTS AND DISBURSEMENTS - TREASURER'S COLLECTION ACCOUNT
For the Year Ended December 31, 2025

	Treasurer's Balance December 31, 2024	Collection Receipts	Amounts Apportioned	Distributions	Treasurer's Balance December 31, 2025
Tax Collection Accounts					
Current year taxes & assessments		$ 31,315,337	$ (31,315,337)		
Fee in lieu		1,363,008	(1,363,008)		
Redemptions of prior year tax		1,270,086	(1,270,086)		
Penalties, interest, and cost		79,433	(79,433)		
Other collections and refunds		(142,035)	142,035		
		33,885,828	(33,885,828)		
Non TC-750 collections		681,073	(681,073)		
Total Collections		34,566,901	(34,566,901)		
County General Fund	488,669		4,833,313	4,573,967	748,015
Library Fund	37,155		375,885	359,515	53,525
Health Services Fund	27,050		273,620	261,032	39,638
Capital improvements	17,600		178,072	170,489	25,183
Flood Disaster Fund	3,261		33,038	31,846	4,453
School District	1,739,288		17,184,792	16,615,433	2,308,647
Basic School Levy	458,560		4,496,798	4,237,710	717,648
Charter School Levy	4,566			(9,284)	13,850
Assessing and Collecting					
A/C State	5,073		49,995	47,908	7,160
A/C County	85,642		842,988	807,976	120,654
Cities and Towns					
Morgan City	196,143		770,275	913,551	52,867
Other Districts					
Weber Basin Water Conservancy District	66,297		681,073	647,235	100,135
Mountain Green Fire Protection District	53,586		461,272	463,016	51,842
Mountain Green Sewer Improvement District	16,751		124,262	127,632	13,381
WPR Utility District	42,413		420,997	330,872	132,538
WPR Road and Fire District	42,413		420,997	330,872	132,538
WPR Public Infrastructure District	130,675		1,924,202	1,371,985	682,892
ROAM District #1	81,647		545,047	561,963	64,731
ROAM District #2	13,331		30,242	21,351	22,222
Total Due to Taxing Districts	3,510,120		33,646,868	31,865,069	5,291,919
Other					
Weber Basin Water Special Assess	36,672		681,073	674,008	43,737
Rollback Special Assessment	3,250		-	(140,582)	143,832
Sewer Special Assessment	-		-	(1,080)	1,080
Total Other	39,922		681,073	532,346	188,649
Refunds/prepaids	640,837		-	60,238	701,075
Outstanding checks & deposits	-		-	-	-
Grand Total	$ 4,190,879		$ (238,960)	$ 32,457,653	$ 6,181,643

MORGAN COUNTY, UTAH
SCHEDULE OF TAXES CHARGED, COLLECTED, AND DISBURSED -
TREASURER'S COLLECTION ACCOUNT
For the Year Ended December 31, 2025

	Tax			Treasurer's Relief				Net Taxes Collected		Other Collections							
	Valuation	Tax	Total	Unpaid				and Apportioned		Reallocation of	Fee in	Misc.	Delinquencies		Tax Inc		Total
Taxing Units	in Dollars	Percent	Taxes Charged	Taxes	Abatements	Other	Total	Amount	Percent	Personal Prop.	Lieu	Collections	Tax	Int/Pen	Paid	Refunds	Distributions
County:																	
General	$ 3,092,807,159	0.001367	$ 4,828,691	$ 342,739	$ 104,430	$ 43,713	$ 490,882	$ 4,337,809	89.83%	$ 9,932	$ 208,830	$ 406,996	$ 180,472	$ 46,383	$ (327,243)	$ (29,865)	$ 4,833,313
Library	3,092,807,159	0.000106	375,525	26,655	8,121	3,400	38,176	337,350	89.83%	772	16,241	31,652	14,035	3,607	(25,450)	(2,323)	375,885
Flood disaster	3,092,807,159	0.000009	33,006	2,343	714	299	3,355	29,651	89.83%	68	1,427	2,782	1,234	317	(2,237)	(204)	33,038
Capital improvements	3,092,807,159	0.000050	177,902	12,627	3,847	1,611	18,085	159,817	89.83%	366	7,694	14,995	6,649	1,709	(12,057)	(1,100)	178,072
Health services	3,092,807,159	0.000077	273,358	19,403	5,912	2,475	27,789	245,569	89.83%	562	11,822	23,041	10,217	2,626	(18,526)	(1,691)	273,620
Assessing & collecting	3,092,807,159	0.000236	833,815	59,552	18,033	(21,236)	56,349	777,466	93.24%	1,761	36,040	705	31,422	751	-	(5,157)	842,988
Total County			6,522,297	463,318	141,058	30,261	634,637	5,887,660		13,461	282,054	480,170	244,029	55,393	(385,512)	(40,340)	6,536,916
School district:																	
Morgan School District	3,092,807,159	0.004850	17,175,594	1,217,287	370,897	(455,519)	1,132,664	16,042,930	93.41%	(13,178)	764,379	14,532	640,974	15,448	(174,221)	(106,071)	17,184,792
Morgan School Basic Levy	2,468,999,214	0.001274	4,494,391	318,531	97,054	(119,197)	296,388	4,198,003	93.41%	(3,448)	200,017	3,803	167,726	4,042	(45,589)	(27,756)	4,496,798
Total School District			21,669,986	1,535,818	467,950	(574,716)	1,429,052	20,240,933		(16,626)	964,396	18,335	808,700	19,490	(219,810)	(133,827)	21,681,591
State Assessing & Collecting	3,092,807,159	0.000014	49,462	3,533	1,070	(1,247)	3,356	46,106	93.22%	107	2,137	42	1,864	45	-	(306)	49,995
City:																	
Morgan City	587,518,295	0.001297	818,692	68,211	21,238	(18,968)	70,481	748,211	91.39%	3,826	49,392	-	17,087	613	(46,553)	(2,300)	770,275
Other districts:																	
Weber Basin Water	3,092,807,159	0.000191	673,406	48,197	14,595	(16,010)	46,781	626,625	93.05%	4,089	27,920	573	25,431	608	-	(4,174)	681,073
Mountain Green Fire	999,091,087	0.000447	455,288	46,781	18,427	(16,547)	48,661	406,627	89.31%	2,101	24,074	3	28,330	676	-	(540)	461,272
Mountain Green Sewer	975,053,979	0.000123	122,423	12,466	4,789	(5,504)	11,751	110,672	90.40%	(229)	6,878	(1)	7,745	184	-	(987)	124,262
WPR Utility District	708,551,094	0.000540	429,420	18,045	-	(9,906)	8,140	421,281	98.10%	(11,515)	112	1,617	14,506	223	-	(5,227)	420,997
WPR Road and Fire District	708,551,094	0.000540	429,420	18,045	-	(9,906)	8,140	421,281	98.10%	(11,515)	112	1,617	14,506	223	-	(5,227)	420,997
ROAM District #1	91,432,192	0.006000	549,755	52,441	5,449	(26,219)	31,671	518,084	94.24%	327	5,472	-	39,527	886	-	(19,248)	545,047
ROAM District #2	7,226,650	0.004000	28,939	-	-	(2,535)	(2,535)	31,474	108.76%	7	110	-	1,202	60	-	(2,611)	30,242
WPR Infrastructure District	708,551,094	0.002500	1,918,912	83,543	-	(21,013)	62,530	1,856,382	96.74%	15,991	351	7,485	67,158	1,033	-	(24,198)	1,924,202
Total other districts			4,607,563	279,518	43,260	(107,640)	215,138	4,392,425		(743)	65,029	11,293	198,406	3,893	-	(62,211)	4,608,092
Total taxing units			$ 33,668,001	$ 2,350,398	$ 674,576	$ (672,310)	$ 2,352,664	$ 31,315,337		$ 24	$ 1,363,008	$ 509,840	$ 1,270,086	$ 79,433	$ (651,875)	$ (238,985)	$ 33,646,868

OTHER REPORTS

PARTNERS

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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*

Independent Auditor's Report

To the Members of the County Commission
Morgan County, Utah

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Morgan County, Utah (the County) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 30, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and responses as item 2025-001.

Management's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBME, LLC

June 30, 2026
Bountiful, Utah

PARTNERS

MICHAEL L. SMITH, CPA
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REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *UTAH STATE COMPLIANCE AUDIT GUIDE*

Independent Auditor's Report

To the Members of the County Commission
Morgan County, Utah

Report on Compliance

We have audited Morgan County, Utah's (the County) compliance with the following applicable state requirements described in the *Utah State Compliance Audit Guide* (the Guide), issued by the Office of the Utah State Auditor, for the year ended December 31, 2025.

State compliance requirements were tested for the year ended December 31, 2025 in the following areas:

Budgetary Compliance	Fund Balance
Justice Court	Fraud Risk Assessment
Restricted Taxes and Related Revenue	Government Fees
Enterprise Fund Transfers, Reimbursements, Loans, and Services	Cash Management
	Tax Levy Revenue Recognition
Crime Insurance for Public Treasurers	Impact Fees

Opinion on Compliance

In our opinion, the County complied, in all material respects, with the state compliance requirements referred to above as of and for the year ended December 31, 2025.

Basis for Opinion

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the *Guide*. Our responsibilities under those standards and the *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 County and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit does not provide a legal determination of the County's compliance with the compliance requirements referred to above.

Responsibilities of Management's for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to previously occurred, whether due to fraud or error, and express an opinion on the County's compliance with Guide based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the *Guide* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 previously 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 County's compliance with the requirements of the government program in the Guide as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to previously and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance with the *Guide* 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 *Guide* but not for the purpose of expressing an opinion on the effectiveness of the County'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

We noted a matter involving internal control over compliance with the Guide which we are submitting for your consideration. The matter is described in the accompanying schedule of findings and responses as item 2025-001. Government Auditing Standards requires the auditor to perform limited procedures on the County's responses to the noncompliance findings with the Guide identified in our compliance audit described in the accompanying schedule of findings and responses. The County's responses were not subjected to the other auditing procedures applied in the audit of compliance with the Guide and, accordingly, we express no opinion on the responses.

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 general state compliance requirement on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a general state compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a general state compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of the Report

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

HBME, LLC

June 30, 2026
Bountiful, Utah

MORGAN COUNTY, UTAH
Schedule of Findings and Responses
For the Year Ended December 31, 2025

Current Year Findings and Responses

2025-001: Governmental Fees

Condition:

HBME noted that the County could not adequately provide revenue and expense tracking for some governmental fees.

Criteria:

The Utah State Compliance Audit Guide requires that the County maintains a schedule of all governmental fees, obtains approval for all fees by the County Commission, and tracks the revenue and expenses for each fee.

Cause:

Policies and procedures do not appear to be in place for the County to adequately track governmental fees, revenues, and expenses, in accordance with the Utah State Compliance Audit Guide.

Effect:

By failing to adequately track all governmental fees, revenues, and expenses, the County is out of compliance with the requirements set forth by the Utah Office of the State Auditor.

Recommendation:

The Clerk/Auditor's Office should maintain a schedule of all governmental fees and have it approved annually by the County Commission. Revenues and expenses related to each fee should be tracked to ensure any excess revenues over expenses are restricted for the fee's purpose.

Views of responsible officials and planned corrective actions:

The Clerk/Auditor office will ensure that a listing of all governmental fees is prepared and maintained. Furthermore, the County will work with its contracted external CPA firm to enhance the tracking of revenues and expenses relating to each fee.

Prior Findings with Current Year Status

2024-001: Impact Fees (this is a repeat finding from 2023 and 2022)

Condition:

The County did not prepare or maintain an impact fee schedule detailing the amount of all money collected, earned, and received during the year, each expenditure from impact fee funds during the year, and impact fee funds on hand at year-end.

Criteria:

Utah State law, Utah Code 11-36a-601, requires that a local political subdivision that collects impact fees shall prepare a report at the end of each year which details the amount of all money collected, earned, and received during the year, each expenditure from impact fee funds during the year, and impact fee funds on hand at year-end.

Cause:

The County does not appear to have a process or procedure in place to track and report impact fees, in accordance with state law.

Effect:

By not adequately tracking and reporting all impact fees, the County is in violation with state law.

Recommendation:

The Clerk/Auditor's Office should establish policies and procedures to ensure all impact fees are properly tracked and reported, in accordance with state law.

Views of responsible officials and planned corrective actions:

The Clerk/Auditor and Treasurer is working with the external CPA firm and the Administrative Manager to implement a policy on tracking and reporting impact fees.

Current year status:

Condition appears to be adequately satisfied. No current year finding.