

NORTH SANPETE SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2025

NORTH SANPETE SCHOOL DISTRICT
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GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
North Sanpete School District
Mount Pleasant, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Sanpete School District, Utah, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North Sanpete School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of North Sanpete School District, Utah, as of June 30, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Governmental 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 North Sanpete School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in note 15 to the financial statements, in fiscal year 2025 the District adopted new accounting guidance, GASB 101, *Compensated Absences*. Our opinions are not modified with respect to the matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and schedules related to net pension liability, 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 North Sanpete School District's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Audit Standards, we have also issued our report dated November 22, 2025, on our consideration of North Sanpete School District's internal control over financial reporting and on our tests of its compliance with certain provisions of law, regulations, contract, 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 North Sanpete School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Audit Standards in considering North Sanpete School District's internal control over financial reporting and compliance.

Gilbert & Stewart

Gilbert & Stewart CPA PC
Provo, Utah
November 22, 2025

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As management of North Sanpete School District (District), we offer readers of the District’s financial statements this narrative discussion, overview, and analysis of the financial activities of the District for the fiscal year ending June 30, 2025. We encourage readers to consider the information presented here in conjunction with the District’s financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District’s finances, in a manner similar to a private-sector business. The government-wide financial statements include the *statement of net position* and the *statement of activities*.

The *statement of net position* presents information on all of the assets and liabilities of the District, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *statement of activities* presents information showing how the net position of the District changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements can be found on pages 11 through 12 of this report.

Fund Financial Statements

A *fund* is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories, governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District’s near-term financing requirements.

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

The District maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the *general fund*, *capital projects fund*, and *debt service fund*, all of which are considered to be major funds. Data from the other four governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

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

The basic governmental fund statements can be found on pages 13 to 16 of this report.

Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. Fiduciary funds are *not* reflected in the government-wide financial statement because the District cannot use these funds to finance its operations.

The District uses a fiduciary fund to account for resources held for other groups. Currently the District does not use this fund.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 17 to 38 of this report.

Other Information

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules can be found on pages 43-51 of this report.

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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 the District, assets exceeded liabilities by \$36,859,520 at June 30, 2025. Below is a summary of the District's assets, liabilities, and net position.

NORTH SANPETE SCHOOL DISTRICT'S NET POSITION

	Governmental Activities		
	2025	2024	Difference
Current and other assets	\$ 31,359,220	\$ 32,796,956	\$ (1,437,736)
Capital assets	35,426,963	30,690,045	4,736,918
Total assets	<u>66,786,183</u>	<u>63,487,001</u>	<u>3,299,182</u>
Deferred outflows of resources	<u>5,503,797</u>	<u>5,142,886</u>	<u>360,911</u>
Current and other liabilities	6,434,788	9,366,182	(2,931,394)
Noncurrent liabilities	20,656,341	20,375,152	281,189
	<u>27,091,129</u>	<u>29,741,334</u>	<u>(2,650,205)</u>
	8,339,331		
Deferred Inflow of Resources	<u>7,375,570</u>	<u>7,375,570</u>	<u>-</u>
Net Position:			
Net Investment			
in capital assets	24,296,049	18,230,999	6,065,050
Restricted	7,994,324	8,377,782	(383,458)
Unrestricted	4,569,147	4,904,202	(335,055)
	<u>\$ 36,859,520</u>	<u>\$ 31,512,983</u>	<u>\$ 5,346,537</u>

The largest portion of the District's net position reflects its investment in capital assets less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide services to students and consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remainder of net position (if positive) may be used to meet the District's ongoing obligations to students, employees, and creditors. However, the unrestricted net asset amount has been earmarked for the following purposes:

- Committed for Undistributed Reserve

As allowed by law, the District has established an *undistributed reserve* of \$1,250,000 of general fund budgeted revenues within the general fund which is set aside for contingencies or possible reductions in state funding and not to be used in negotiation or settlement of

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

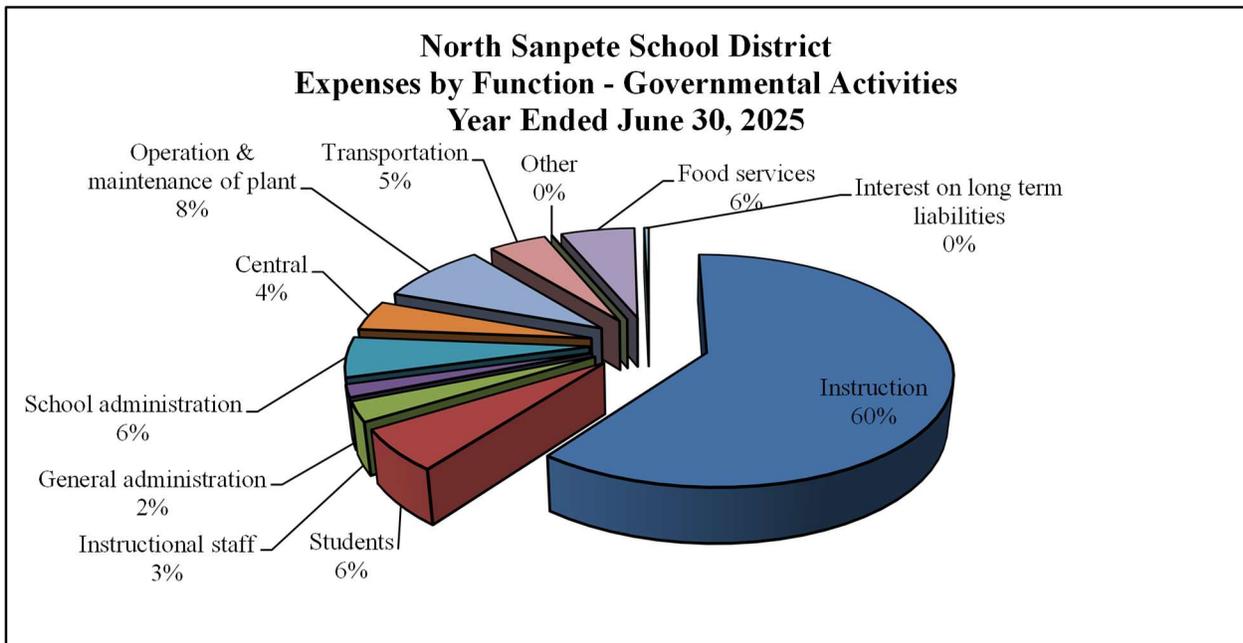
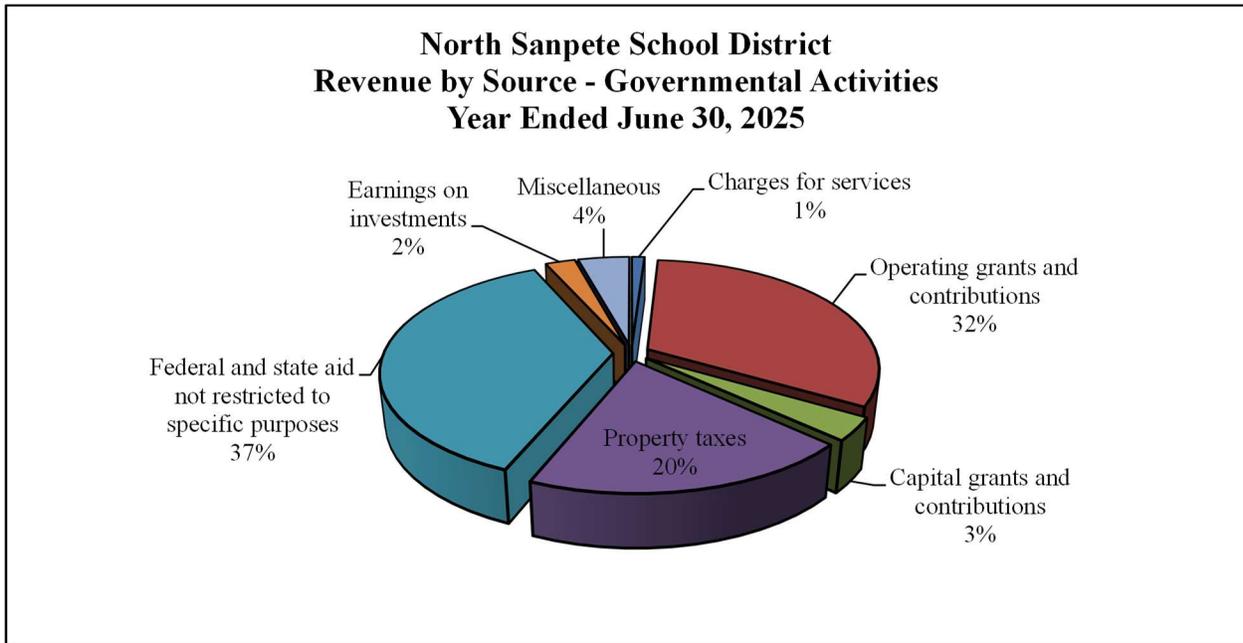
contract salaries. The maintenance of a sufficient reserve is a key credit consideration in the District's bond rating of Aaa (Underlying Rating: Baa1) given by Moody's Investor Service.

As of June 30, 2025, the District is able to report positive balances in two categories of net position, both for the District as a whole and for its separate governmental activities. The same situation held true for the prior fiscal period.

NORTH SANPETE SCHOOL DISTRICT'S CHANGES IN NET POSITION

	Governmental Activities		Difference
	2025	2024	
Revenues:			
Program revenues:			
Charges for services	\$ 484,290	\$ 447,856	\$ 36,434
Operating grants and contributions	14,987,624	14,889,722	97,902
Capital grants and contributions	1,570,457	1,570,457	-
General Revenues:			
Property taxes	8,997,613	8,646,929	350,684
Federal and state aid not restricted to specific purposes	17,155,090	13,738,838	3,416,252
Earnings on investments	1,139,991	1,064,947	75,044
Miscellaneous	1,969,992	1,924,105	45,887
Total revenues	<u>46,305,057</u>	<u>42,282,854</u>	<u>4,022,203</u>
Expenses:			
Instruction	24,212,037	21,651,604	2,560,433
Support services:			
Students	2,355,628	2,532,373	(176,745)
Instructional staff	1,102,617	1,312,486	(209,869)
General administration	695,521	660,438	35,083
School administration	2,257,207	2,073,901	183,306
Central	1,698,682	1,605,855	92,827
Operation & maint. of plant	3,438,649	2,883,943	554,706
Transportation	1,841,480	1,572,216	269,264
Other	21,227	3,150	18,077
School food services	2,356,774	2,325,820	30,954
Interest on long term liabilities	146,236	161,881	(15,645)
Total expenses	<u>40,126,058</u>	<u>36,783,667</u>	<u>3,342,391</u>
Changes in net position	6,178,999	5,499,187	679,812
Net position, beginning - restated	30,680,521	30,640,317	40,204
Net position, ending	<u>\$ 36,859,520</u>	<u>\$ 36,139,504</u>	<u>\$ 720,016</u>

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

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

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. The unreserved fund balance is divided between designated

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

balances and undesignated balances. The District has designated portions of the unreserved fund balance to earmark resources for certain government-wide liabilities that are not recognized in the governmental funds. Undesignated balances in the general fund are required by state law to be appropriated in the following year's budget. Fund balances of capital projects and other governmental funds are restricted by state law to be spent for the purpose of the fund and are not available for spending at the District's discretion.

The *general fund* is the chief operating fund of the District. At June 30, 2025, unassigned fund balance was \$6,984,859 while the total fund balance was \$8,707,438. The unassigned fund balance increased by \$768,877 and the total fund balance increased by \$991,377 during the fiscal year. Annual expenditures in the general fund were \$343,708 less than the final budgeted amounts.

The *capital projects fund* has a total fund balance of \$6,231,765, all of which is restricted for acquisition of capital assets and related expenditures. The fund balance decreased by \$408,947 during the fiscal year.

The *debt service fund* has a total fund balance of \$8,232, all of which is restricted for the payment of debt service on general obligation bonds. The fund balance increased by \$1,510 during the fiscal year.

The *non K-12 programs special revenue fund* has a total fund balance of \$0. This balance is within the total allowed by state guidelines and is restricted to non-kindergarten through twelfth grade programs.

The *school lunch special revenue fund* has a total fund balance of \$953,636. This balance is within the total allowed by state guidelines and is restricted to food service programs. The fund balance decreased by \$23,730 during the fiscal year.

The *student activity special revenue fund* has a total fund balance of \$760,603. This balance is within the total allowed by state guidelines and is committed for student activities. The fund balance increased by \$34,126 during the fiscal year.

The *school foundation special revenue fund* has a total fund balance of \$41,614. This balance is within the total allowed by state guidelines and is restricted for student activities. The fund balance increased by \$13,378 during the fiscal year.

The *municipal building authority special revenue fund* has a total fund balance of \$0. The fund is no longer used to account for revenue bond debt service. This activity is now accounted for in the capital projects fund.

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

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

The primary class of capital assets used by the District to provide educational services to the public is school buildings. The District continually evaluates the cost efficiency of its buildings as part of its on-going capital improvements plan.

Capital assets at June 30, 2025 are outlined below:

**NORTH SANPETE SCHOOL DISTRICT'S CAPITAL ASSETS
(Net of Accumulated Depreciation)**

	2025	2024
Land	\$ 1,195,505	\$ 1,195,505
Construction in progress	-	328,465
Buildings	30,209,282	26,617,152
SPITA assets	87,943	
Furniture and equipment	3,934,234	2,548,924
	\$ 35,426,964	\$ 30,690,046

Debt Administration

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. Additional information concerning the District's debt obligations can be found in Note 7 of the financial statements.

NORTH SANPETE SCHOOL DISTRICT'S OUTSTANDING DEBT

	2025	2024
General obligation bonds	\$ 7,927,000	\$ 8,992,000
QZAB lease revenue bonds	3,268,800	3,541,200
Total long term obligations	\$ 11,195,800	\$ 12,533,200

**NORTH SANPETE SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of North Sanpete School District's finances and to demonstrate the District's accountability for the funds it receives. If you have any questions concerning this report or need additional financial information, please contact the Office of the Business Administrator, North Sanpete School District, 220 East 700 South, Mt. Pleasant, Utah 84647, phone number (435) 462-2485.

BASIC FINANCIAL STATEMENTS

NORTH SANPETE SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities
Assets:	
Cash and investments	\$ 21,087,214
Receivables:	
Property taxes	8,669,899
Other governments	1,351,789
Prepaid expenditures	222,579
Inventories	27,739
Capital assets:	
Land, construction in progress, and water stock	1,195,504
Other capital assets, net of accumulated depreciation	34,231,459
Total assets	66,786,183
Deferred Outflows of Resources:	
Related to Pensions	5,503,797
Liabilities:	
Accounts payable	3,250,618
Accrued interest	1,526
Accrued salaries	1,703,449
Unearned revenue:	
Other governments	1,479,195
Noncurrent liabilities:	
Due within one year	1,431,333
Due in more than one year	19,225,008
Total liabilities	27,091,129
Deferred Inflows of Resources:	
Related to pensions	116,661
Property taxes levied for future year	8,222,670
Total deferred inflows of resources	8,339,331
Net Position:	
Net investment in capital assets	24,296,049
Restricted for:	
School lunch	953,636
Student Activity Fund	760,603
Foundation	41,614
Debt service	6,706
Capital projects	6,231,765
Unrestricted	4,569,147
Total net position	\$ 36,859,520

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

NORTH SANPETE SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2025

Functions	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Total Governmental Activities
Governmental activities:					
Instructional services	\$ 24,212,037	\$ 57,024	\$ 11,127,659	\$ 1,570,457	\$ (11,456,897)
Supporting services:					
Students	2,355,628	-	-	-	(2,355,628)
Instructional staff	1,102,617	-	1,051,629	-	(50,988)
General administration	695,521	-	-	-	(695,521)
School administration	2,257,207	-	-	-	(2,257,207)
Central	1,698,682	-	-	-	(1,698,682)
Operation and maintenance of facilities	3,438,649	-	-	-	(3,438,649)
Transportation	1,841,480	49,538	878,267	-	(913,675)
Other	21,227	-	-	-	(21,227)
Food services	2,356,774	377,728	1,930,069	-	(48,977)
Interest on long-term liabilities	146,236	-	-	-	(146,236)
Total school district	<u>\$ 40,126,058</u>	<u>\$ 484,290</u>	<u>\$ 14,987,624</u>	<u>\$ 1,570,457</u>	<u>(23,083,687)</u>
General revenues:					
Property taxes levied for:					
General purposes					5,893,702
Debt service					1,393,122
Capital outlay					1,710,789
Federal and state aid not restricted to specific purposes					17,155,090
Earnings on investments					1,139,991
Miscellaneous					1,969,992
Total general revenues					<u>29,262,686</u>
Change in net assets					6,178,999
Net position - beginning - restated for GASB 101					<u>30,680,521</u>
Net position - ending					<u>\$ 36,859,520</u>

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

NORTH SANPETE SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Assets:					
Cash and investments	\$ 12,158,464	\$ -	\$ 7,185,297	\$ 1,743,453	\$ 21,087,214
Receivables:					
Property taxes	5,736,890	1,266,333	1,645,696	20,980	8,669,899
Other governments	1,032,527	-	-	319,262	1,351,789
Other receivables	-	-	-	-	-
Inventory	-	-	-	27,739	27,739
Due from other funds	-	-	56,426	-	56,426
Prepaid Expenditures	222,579	-	-	-	222,579
Total assets	\$ 19,150,460	\$ 1,266,333	\$ 8,887,419	\$ 2,111,434	\$ 31,415,646
Liabilities and fund balances:					
Liabilities:					
Accounts payable	\$ 2,048,188	\$ -	\$ 1,099,330	\$ 103,100	\$ 3,250,618
Accrued salaries	1,703,449	-	-	-	1,703,449
Due to other funds	-	56,426	-	-	56,426
Unearned revenue:					
Other governments	1,247,694	-	-	231,501	1,479,195
Local sources	-	-	-	-	-
Total liabilities	4,999,331	56,426	1,099,330	334,601	6,489,688
Deferred Inflows or Resources:					
Property taxes levied for future year	5,443,691	1,201,675	1,556,324	20,980	8,222,670
Total deferred inflow of resources	5,443,691	1,201,675	1,556,324	20,980	8,222,670
Fund Balances:					
Nonspendable:					
Inventories and prepaids	222,579	-	-	27,739	250,318
Restricted for:					
Debt service	-	8,232	-	-	8,232
Capital outlay	-	-	6,231,765	-	6,231,765
Food services	-	-	-	925,897	925,897
Other	-	-	-	41,614	41,614
Committed to:					
Schools	-	-	-	760,603	760,603
Other	-	-	-	-	-
Undistributed reserve	1,500,000	-	-	-	1,500,000
Unassigned:					
General fund	6,984,859	-	-	-	6,984,859
Total fund balances	8,707,438	8,232	6,231,765	1,755,853	16,703,288
Total liabilities and fund balances	\$ 19,150,460	\$ 1,266,333	\$ 8,887,419	\$ 2,111,434	\$ 31,415,646

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

NORTH SANPETE SCHOOL DISTRICT
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
June 30, 2025

Total fund balances for governmental funds \$ 16,703,288

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

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

Land	\$ 1,195,504	
Buildings and improvements, net of \$26,846,258 accumulated depreciation	30,209,282	
SPITA assets, net of \$34,813 accumulated amortization	87,943	
Furniture and equipment, net of \$5,033,256 accumulated depreciation	3,934,234	35,426,963

The net pension asset is not an available resource and therefore is not reported in the governmental funds -

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for general obligation bonds is \$1,731 and accrued interest for obligations under leasing arrangements is \$0. (1,526)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds. All liabilities- both current and long-term portions-are reported in the statement of net position. These and related balance at year end are:

Bonds payable	(7,927,000)	
QZAB note payable	(3,268,800)	
Deferred charges on refunding	64,886	
Net pension liability	(8,283,709)	
Deferred inflows of resources	(116,661)	
Deferred outflows of resources	5,503,797	
Accrued vacation	(1,034,979)	
Early retirement payable	(206,739)	(15,269,205)

Total net position of governmental activities **\$ 36,859,520**

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

NORTH SANPETE SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General	Debt Service	Capital Projects		
Revenues:					
Property taxes	\$ 5,871,224	\$ 1,393,683	\$ 1,711,479	\$ 21,227	\$ 8,997,613
Earnings on investments	618,523	-	485,403	36,065	1,139,991
School lunch sales	-	-	-	377,728	377,728
Other local sources	1,050,856	-	10,970	1,014,728	2,076,554
State aid	24,726,143	-	4,398,295	707,947	29,832,385
Federal aid	2,281,438	-	-	1,599,348	3,880,786
Total revenues	<u>34,548,184</u>	<u>1,393,683</u>	<u>6,606,147</u>	<u>3,757,043</u>	<u>46,305,057</u>
Expenditures:					
Current:					
Instructional services	21,633,418	-	-	430,915	22,064,333
Supporting services:					
Students	1,377,943	-	-	949,302	2,327,245
Instructional staff	1,083,695	-	-	-	1,083,695
District administration	629,510	-	-	-	629,510
School administration	2,168,954	-	-	-	2,168,954
Central	1,663,941	-	-	-	1,663,941
Operation and maintenance					
of facilities	3,370,638	-	-	-	3,370,638
Transportation	1,628,708	-	-	-	1,628,708
Other	-	-	-	21,227	21,227
School food services	-	-	-	2,331,825	2,331,825
Capital outlay	-	-	6,962,419	-	6,962,419
Debt service:					
Principal retirement	-	1,065,000	272,400	-	1,337,400
Interest and fiscal charges	-	137,173	-	-	137,173
Total expenditures	<u>33,556,807</u>	<u>1,202,173</u>	<u>7,234,819</u>	<u>3,733,269</u>	<u>45,727,068</u>
Excess (deficiency) of revenues over (under) expenditures	<u>991,377</u>	<u>191,510</u>	<u>(628,672)</u>	<u>23,774</u>	<u>577,989</u>
Other financing sources (uses):					
Sale of capital assets	-	-	29,725	-	29,725
Issuance of debt obligations	-	-	-	-	-
Payments to refunding agent	-	-	-	-	-
Transfers in (out)	-	(190,000)	190,000	-	-
Total other financing sources (uses)	<u>-</u>	<u>(190,000)</u>	<u>219,725</u>	<u>-</u>	<u>29,725</u>
Net change in fund balances	991,377	1,510	(408,947)	23,774	607,714
Fund balances - beginning	<u>7,716,061</u>	<u>6,722</u>	<u>6,640,712</u>	<u>1,732,079</u>	<u>16,095,574</u>
Fund balances - ending	<u>\$ 8,707,438</u>	<u>\$ 8,232</u>	<u>\$ 6,231,765</u>	<u>\$ 1,755,853</u>	<u>\$ 16,703,288</u>

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

NORTH SANPETE SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances-total governmental funds \$ 607,714

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 for furniture and equipment and \$100,000 for buildings and improvements are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlays-net	\$ 7,074,785	
Loss on disposal of capital assets	1,588,397	
Proceeds from sales of capital assets	(29,725)	
Depreciation expense	<u>(3,896,539)</u>	4,736,918

The governmental funds report bond proceeds as financing sources, while repayment of bond principal is reported as an expenditure. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities and repayment of principal reduces the liability. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Interest is recognized as an expenditure in the governmental funds when it is due. In the statement of activities, however, interest expense is recognized as it accrues, regardless of when it is due. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Repayment of bond principal	1,337,400	
Interest expense - general obligation bonds	205	
Amounts from refunding issue	(9,268)	
Amortization of bond premium	<u>-</u>	1,328,337

Property tax revenues received prior to the year for which they are being levied are reported as deferred revenue in the governmental funds. They are, however, recorded as revenues in the statement of activities. Deferred property tax revenues increased this year.

-

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). During this year, accrued vacation increased by \$3,758 and early retirement payable increased by \$78,693. As a result of the URS pension liability changes a net pension expense was recorded in the amount of \$296,012.

(493,970)

Change in net position of governmental activities \$ 6,178,999

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity - The Board of Education, comprised of five elected individuals, is the primary governing authority for the District. The Board establishes District policies, approves budgets, appoints a Superintendent with responsibilities for administering all educational activities of the District, and appoints a Business Administrator with responsibilities for fiscal matters. The Board is authorized to issue bonds, incur short-term debt, levy property taxes, and is not dependent on any other unit of local government. As required by GAAP, these basic financial statements present the activities of the District. The District is not a component unit of any other primary government.

Government-wide and fund financial statements – The *government-wide financial statements* (i.e., the statement of net position and the statement of changes in net position) display information about the primary government (the District). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities.

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

Program revenues include 1) fees and charges paid by students and other recipients of goods or services, offered by a given function, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues that are not classified as program revenues, including property taxes, are presented as general revenues.

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

The District reports the following major governmental fund:

- The *general fund* is the District’s primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *debt service fund* accounts for resources accumulated and payments made for principal and interest on general obligation school building bonds.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

- The *capital projects fund* accounts for resources accumulated and payments made for the acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.
- The municipal building authority fund accounts for debt proceeds for capital improvement projects and repayment of the obligation.

The District reports the following nonmajor special revenue funds that receive revenues which are restricted to expenditures for specified purposes:

- The *school food services fund* accounts for preparation and service of school lunches and breakfasts.
- The *non K-12 fund* accounts for preschool, adult education, recreation and other non K-12 programs.
- The *student activity fund* accounts for fees and revenues associated with student activities at the school
- The *tax increment fund* accounts for taxes assessed by the District but received by RDA and CDA entities.
- The *scholarship fund* accounts for a perpetual scholarship fund.

Measurement focus, basis of accounting, and financial statement presentation – The *government-wide and fiduciary fund 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 when the related cash flows take place. Non-exchange transactions, in which the District receives value without directly giving equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

Budgetary Data – Budgets are presented on the modified accrual basis of accounting for all governmental funds except the North Sanpete Foundation for Excellence special revenue fund. Budgets are not adopted on a District level for the student activities agency fund. All annual appropriations lapse at fiscal year-end with the

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

exception of those indicated as a fund balance reserve. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During June of each year, the District superintendent submits to the Board a proposed operating budget for the next fiscal year commencing July 1st. This budget includes proposed expenditures and the means of financing them. Included also is a final budget for the current year ending June 30th.
- Copies of the proposed budget are made available for public inspection and review by the District's patrons.

If the District does not exceed the certified tax rate, a public hearing is held prior to June 22nd at which the budget is legally adopted by resolution of the Board after obtaining taxpayer input. If the District exceeds the certified tax rate, the budget is adopted in August when data is available to set the tax rates.

- Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the superintendent can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget. In accordance with Utah state law, interim adjustments may be made by administrative transfer of money from one appropriation to another within any given fund.
- Certain interim adjustments in estimated revenue and expenditures during the year ended June 30, 2025, have been included in the final budget approved by the Board, as presented in the financial statements.
- Expenditures may not legally exceed budgeted appropriations at the fund level.

Encumbrance accounting is employed in the governmental funds and the internal service fund. Encumbrances (e.g., purchase orders and contracts) outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

Negative variances in total revenues and the positive variances in total expenditures are largely a result of federal and state program revenues and related expenditures that do not have a direct impact on the undesignated fund balance. Budgets generally assume the expenditure of all available resources. Therefore, when the budget is prepared, it is assumed these funds will not have a carryover of revenue to a subsequent year. Program revenue received but not spent is restricted and deferred to the subsequent fiscal year. As a result, overall fund revenue variances will be negative, and overall fund expenditure variances will be positive.

Deposits and Investments – The cash balances of substantially all funds are pooled and invested by the District for the purpose of increasing earnings through investment activities and providing efficient management of temporary investments. The pool's investments are reported at fair value in accordance with GASB Statement 72 *Fair Value Measurement and Application* at year-end. Changes in the fair value of investments are recorded as investment earnings. Earnings on pooled funds are apportioned and paid or credited to the funds based on the average balance of each participating fund.

Cash and Cash Equivalents – The District considers cash and cash equivalents in proprietary funds to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition, including investments in the Public Treasurers' Investment Pool (PTIF).

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Interfund Receivables and Payables – Activity between funds that are representative of lending/borrowing arrangements outstanding at year-end are referred to as either “due to/from other funds” (i.e., current portion of inter-fund loans) or “advances from/to other funds” (i.e., the non-current portion of inter-fund loans).

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available resources.

Inventories – Inventories are valued at cost or, if donated, at fair value when received, using the moving average method. The consumption method of accounting is applied to the inventories of all funds.

Inventories of donated United States Department of Agriculture (USDA) commodities on hand at year-end are reported on the balance sheet at fair market value on the date received as inventory. Commodities used during the year are reported as revenue and expenditure on the operating statement.

Capital Assets – Capital assets, which include land, water stock, buildings and improvements, and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$5,000 for land, furniture and equipment and \$100,000 for buildings and improvements and an estimated useful life in excess of two years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extended asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20
Furniture	15
Portable Classrooms	15
Machinery and Tools	15
Buses	15
Laboratory Equipment	10
Musical Instruments	10
Licensed Vehicles	10
Computers	5

Compensated Absences – Under terms of association agreements, twelve-month or full-year employees earn vacation and sick leave in amounts varying with tenure and classification. In the event of termination or death, an employee is reimbursed for accumulated vacation days to a maximum of 30 days. No reimbursement or accrual is made for unused sick leave.

All vacation pay plus related payroll taxes are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds if they have matured, for example, as a result of employee resignations and retirements.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

The District provides a voluntary retirement incentive program. Eligibility is restricted to those with fifteen years of service with the District or who qualify for Utah State Retirement. Effective July 1, 2006 the qualifying years of service was increased to twenty years. Those qualifying under this program may receive benefits for up to three years. Benefits are determined by the employee's lane and step at the time of retirement. Health insurance coverage is also available to retiring employees qualifying under this program. The District records expenditures for voluntary retirement and related health insurance benefit obligations at the time an eligible employee retires.

Long-term Obligations – In the government-wide financial statements and internal service fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

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

Deferred Outflows/Inflows of Resources—In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following sources that qualify for reporting in this category, these items are reported in the statement of net position:

- Deferred outflows of resources related to pensions – includes a) net difference between projected and actual earnings on pension plan investments and b) changes in proportion and differences between contributions and proportionate share of contributions, and c) District contributions subsequent to the measurement date of December 31, 2024.

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

The following item arises only under a modified accrual basis of accounting and is reported in the governmental funds balance sheet; these items are deferred and recognized as an inflow of resources in the period that the amount becomes available.

- Unavailable property tax revenue – consists of uncollected delinquent property taxes.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

The following sources are reported in both the statement of net position and the governmental funds balance sheet.

- Property taxes levied for future year – property taxes levied on January 1, 2025 for the following school year.

- Deferred inflow of resources related to pensions – includes a) differences between expected and actual experience and b) changes of assumptions in the measurement of the net pension liability/asset, and c) changes in proportion and differences between contributions and proportionate share of contributions.

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

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

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

- **Nonspendable.** This category includes fund balance amounts that cannot be spent because they are either a) not in spendable form or b) legally or contractually required to be maintained intact. Fund balance amounts related to inventories, prepaid expenditures, and endowments are classified as nonspendable.

- **Restricted.** This category includes net fund resources that are subject to external constraints that have been placed on the use of the resources either a) imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments or b) imposed by law through constitutional provisions or enabling legislation. Restricted fund balance amounts include the following:
 - a) Unspent tax revenues for specific purposes (capital projects, debt service, student transportation, K-3 reading program, and community recreation).
 - b) Remaining fund balances in the School Lunch Fund.

- **Committed.** This category includes amounts that can only be used for specific purposes established by formal action of the District's Board of Education. Fund balance commitments can only be removed or changed by the same type of action (for example, resolution) of the Board of Education. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Board of Education has approved to commit fund balance amounts for the following purposes:
 - a) As defined in Utah law as an "undistributed reserve," the District maintains for economic stabilization up to five percent of General Fund budgeted expenditures. Potential state budget cuts, disasters, immediate capital needs, and other significant events are circumstances or conditions that signal the need for stabilization. Additionally, the commitment is necessary to maintain liquidity (i.e. reducing any disparity

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

between when financial resources are available to make payments and the maturity of related liabilities). Also defined by state law, the commitment is not to be used "in the negotiation or settlement of contract salaries for school district employees."

- b) Resources held by schools in the other governmental funds.
 - c) Employee obligations related to the phase out of early retirement stipends.
- **Assigned.** This category includes General Fund balance amounts that the District intends to be used for a specific purpose but are neither restricted nor committed. This intent is expressed by written approval of the District's administration comprised of superintendent, assistant superintendents, and business administrator. This category also includes the remaining positive fund balance for other governmental funds. The District has assigned General Fund resources that are to be used for textbooks, supplies, and other unrestricted school programs.
 - **Unassigned.** Residual balances in the General Fund are classified as unassigned.

When both restricted and unrestricted resources are available for use, it is the District's policy to use committed resources first, followed by assigned resources, then unassigned resources as they are needed

Comparative Data and Reclassifications – Comparative data for the prior year has been presented in certain sections of the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with current year's presentation.

Use of Estimates – Presenting financial statements in conformity with Generally Accepted Accounting Principles requires management to make certain estimates concerning assets, liabilities, revenue and expenses. Actual results may vary from these estimates.

2. DEPOSITS AND INVESTMENTS

A. Deposits

Deposits – Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its uninsured bank deposits. District funds are deposited in qualified depositories as defined by the Act. The District does not have a deposit policy for custodial credit risk. As of June 30, 2025, the District's custodial credit risk for deposits was as follows:

<u>Depository Account</u>	<u>Custodial Credit Risk</u>	<u>Balance June 30, 2025</u>
Regular Checking Account	Insured	\$ 250,000
Regular Checking Account	Uninsured and collateralized	416,964
		<u>\$ 666,964</u>

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

B. Investments

The District’s investments are managed through participation in the state Public Treasurer’s Investment Fund . As of June 30, 2025, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Utah Public Treasurers’ Investment Fund	Less than one year	<u>\$20,751,264</u>

Investments – Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, interest rate risk is managed by compliance to the Utah Money Management Act which provides guidance for handling depository and investing transactions in order to minimize interest rate risk.

Investments – Credit Risk – The District follows the requirements of the Utah Money Management Act (Section 51, chapter 7 of the Utah Code) in handling its depository and investing transactions. District funds are deposited in qualified depositories as defined by the Act. The Act also authorizes the District to invest in the Utah Public Treasurers’ Investment Fund (PTIF), certificates of deposit, U.S. Treasury obligations, U.S. agency issues, high-trade commercial paper, bankers’ acceptances, repurchase agreements, corporate bonds, restricted mutual funds, and obligations of governmental entities within the State of Utah. The PTIF is invested in accordance with the Act. The State Money Management Council provides regulatory oversight for the PTIF. The degree of risk of the PTIF depends upon the underlying portfolio. The Act and Council rules govern the financial reporting requirements of qualified depositories in which public funds may be deposited and prescribe the conditions under which the designation of a depository shall remain in effect. If a qualified depository should become ineligible to hold public funds, public treasurers are notified immediately. The District considers the actions of the Council to be necessary and sufficient for adequate protection of its investments. The District has no investment policy that would further limit its investment choices.

Investments – Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Fair Value of Investments

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

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

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

At June 30, 2025, The District had the following recurring fair value measurements:

Investment Type	Fair Value	Fair Value Measurement Level		
		Level 1	Level 2	Level 3
Utah Public Treasurer's Investment Fund (PTIF)	\$ 20,751,264	\$ -	\$ 20,751,264	\$ -

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 approaches:

- 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;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund;
- Utah Public Treasurers' Investment Fund: application of the June 30, 2025 fair value factor, as calculated by the Utah State Treasurer, to the District's average daily balance in the Fund; and,
- Donated Real Estate: recent appraisals of the real estate's value.

3. PROPERTY TAXES

The property tax revenue of the District is collected and distributed by the Utah County treasurer as an agent of the District. Utah statutes establish the process by which taxes are levied and collected. The county assessor is required to assess real property as of January 1 and complete the tax rolls by May 15. By July 21, the county auditor is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. The county auditor makes approved changes in assessed value by November 1 and on this same date the county auditor is to deliver the completed assessment rolls to the county treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a 2% penalty, with a \$10 minimum penalty. If delinquent taxes and penalties are not paid by January 15 of the following year, these delinquent taxes, including penalties, are subject to an interest charge at an annual rate equal to the federal discount rate plus 6%. The interest rate period is from January 1 until the date paid.

Beginning January 1, 1992, an annual uniform fee based on the value of motor vehicles was levied in lieu of an ad valorem tax on motor vehicles. This uniform fee was 1.5% of the fair market value statewide value of the property, as established by the State Tax Commission. Effective January 1, 1999, legislation required motor vehicles be subject to an "age-based" fee that is due each time a vehicle is registered. The age-based fee is for passenger type vehicles and ranges from \$10 to \$150 based on the age of the vehicle. The revenues collected in each county from motor vehicle fees is distributed by the county to each taxing entity in which the property is located in the same proportion in which revenue collected from ad valorem real property tax is distributed. The District recognizes motor vehicle fees as property tax revenue when the County collects it.

As of June 30, 2025, property taxes receivable by the District includes uncollected taxes assessed as of January 1, 2025 or earlier. It is expected that all assessed taxes (including delinquencies plus accrued interest and penalties) will be collected within a five-year period, after which time the county treasurer may force sale of property to collect the delinquent portion.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

4. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 1,195,505	\$ -	\$ -	\$ 1,195,505
Construction in progress	328,465	-	(328,465)	-
Total capital assets, not being depreciated	<u>1,523,970</u>	<u>-</u>	<u>(328,465)</u>	<u>1,195,505</u>
Capital assets, being depreciated:				
Buildings and improvements	50,236,086	6,819,454	-	57,055,540
SPITA Assets	-	122,126	-	122,126
Furniture and equipment	8,505,820	461,670	-	8,967,490
Total capital assets, being depreciated	<u>58,741,906</u>	<u>7,403,250</u>	<u>-</u>	<u>66,145,156</u>
Accumulated depreciation for:				
Buildings and improvements	(23,618,934)	(3,227,324)	-	(26,846,258)
SPITA	-	(34,183)	-	(34,183)
Furniture and equipment	(5,956,896)	(635,032)	1,558,672	(5,033,256)
Total accumulated depreciation	<u>(29,575,830)</u>	<u>(3,896,539)</u>	<u>1,558,672</u>	<u>(31,913,697)</u>
Total capital assets, being depreciated, net	<u>29,166,076</u>	<u>3,506,711</u>	<u>1,558,672</u>	<u>34,231,459</u>
Governmental activities capital assets, net	<u>\$ 30,690,046</u>	<u>\$ 3,506,711</u>	<u>\$ 1,230,207</u>	<u>\$ 35,426,964</u>

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

Governmental activities:	
Instructional services	\$ 3,522,989
Supporting services:	
District administration	56,550
School administration	28,550
Business	20,550
Operation and maintenance of facilities	58,550
Transportation	193,850
School lunch services	15,500
Total depreciation expense, governmental activities	<u>\$ 3,896,539</u>

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

5. STATE RETIREMENT PLANS

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

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

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

Defined Contribution Plans (individual account plans):

- 401(k) Plan
- 457 Plan and other individual plans
- Roth IRA Plan
- Traditional IRA Plan

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

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

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

Benefits provided – The URS provides retirement, disability, and death benefits to participants in the plans.

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

Defined contribution plans are available as supplemental plans to the basic retirement benefits of the defined benefit pension plans and as a primary retirement plan for some Tier 2 participants. Participants in the defined contribution plans are fully vested in employer and employee contributions at the time the contributions are made except Tier 2 required contributions and associated earnings are vested during the first four years of employment. Benefits depend on amounts contributed to the plans plus investment earnings. Individual accounts are provided for each employee and are available at termination, retirement, death, or unforeseeable emergency.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

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

For the year ended June 30, 2025, District required contribution rates for the plans were as follows:

	Defined Benefit Plans Rates			District Rates for 401(k) Plan	Totals
	District Contribution	Amortization of UAAL *	Paid by District for Employee		
Tier 1 Noncontributory System	12.25%	9.44%	-	1.50%	23.19%
Tier 1 Contributory System	5.45%	12.25%	6.00%	-	23.70%
Tier 2 Contributory System **	8.93%	3.14%	0.07	1.15%	20.22%
Tier 2 Defined Contribution Plan **	0.08%	9.44%	-	10.00%	19.52%

* The District is required to contribute additional amounts based on covered-employee payroll to finance the unfunded actuarial accrued liability (UAAL) of the Tier 1 plans.

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

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

For the year ended June 30, 2025, District and employee contributions to the plans were as follows:

	District Contributions *	Employee Contributions
Tier 1 Noncontributory System	\$ 2,253,520	N/A
Tier 2 Contributory System	1,044,098	31,364
Tier 2 DC Only System	69,236	N/A

* Required contributions from Tier 2 plans to finance the unfunded actuarial accrued liability of the Tier 1 plans are reported as contributions to the Tier 2 plans.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions – At June 30, 2025, the District reported a net pension asset of \$0 and a net pension liability of \$8,283,709 for its share of the net pension liability (asset) for the following plans:

	Net Pension Asset	Net Pension Liability
Tier 1 Noncontributory System	\$ -	\$ 7,766,567
Tier 2 Contributory System	-	517,142
Total	\$ -	\$ 8,283,709

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability was determined by an actuarial valuation as of January 1, 2024, rolled-forward using generally accepted actuarial procedures. The District's proportion of the net pension liability (asset) is equal to the ratio of the District's actual contributions compared to the total of all employer contributions during the plan year. The following presents the District's proportion (percentage) of the collective net pension liability (asset) at December 31, 2024 and the change in its proportion since the prior measurement date for each plan:

	Proportionate Share	
	2024	Change
Tier 1 Noncontributory System	0.3433312%	-0.0074256%
Tier 2 Contributory System	0.1733987%	-0.0017055%

For the year ended June 30, 2025, the District recognized pension expense for the plans of \$3,839,334. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans from the following sources:

Differences between expected and actual experience	\$ 2,121,795	\$ 3,563
Changes of assumptions	441,639	53
Net difference between projected and actual earnings on pension plan investments	1,205,514	-
Changes in proportion and differences between District contributions and proportionate share of contributions	81,910	113,045
District contributions subsequent to the measurement date	1,652,939	-
Total	\$ 5,503,797	\$ 116,661

The \$1,652,939 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. The other amounts reported as deferred outflows of resources and deferred inflows of resources related to defined benefit pension plans will be recognized in pension expense as follows:

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2026	\$ 1,677,749
2027	2,252,038
2028	(421,550)
2029	(33,963)
2030	115,727
Thereafter	144,196

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%
Salary increases	3.5% to 9.5%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

Mortality rates were based on the RP-2000 mortality tables or were developed from actual experience, based on gender, occupation, and age, as appropriate, with adjustments for future improvement in mortality based on Scale AA, a model developed by the Society of Actuaries.

The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study for the five-year period ended December 31, 2022. Changes of assumptions that affected measurement of the total pension liability since the prior measurement date include adjustments for inflation, salary increases, payroll growth, post retirement mortality, preretirement mortality, and certain demographics to more closely reflect actual experience.

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

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Expected Return Arithmetic Basis			
Asset Class	Target Allocation	Real Return Arithmetic Basis	Long-Term Expected Real Rate of Return
Equity securities	35%	7.01%	2.45%
Debt securities	20%	2.54%	0.51%
Real assets	18%	5.45%	0.98%
Private equity	12%	10.05%	1.21%
Absolute return	15%	4.36%	0.65%
Cash and cash equivalents	0%	0.49%	0.00%
Total	<u>100%</u>		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.

Discount rate – The discount rate used to measure the total pension liability was 6.85%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that contributions by all participating employers will be made at contractually required rates, actuarially determined and certified by the Utah State Retirement Board. Based on those assumptions, the 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 was not changed from the prior measurement date.

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

	1% Decrease (5.85%)	Discount Rate (6.85%)	1% Increase (7.85%)
District's proportionate share of the net pension liability (asset):			
Tier 1 Noncontributory System	\$ 19,915,632	\$ 7,766,567	\$ (2,428,267)
Tier 2 Contributory System	1,544,579	517,142	(282,102)
Total	\$ 21,460,211	\$ 8,283,709	\$ (2,710,369)

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

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Voluntary Retirement Incentive – The District provides a voluntary retirement incentive program. The District’s direct payments to retirees for the years ended June 30, 2025, 2024 and 2023 were, \$117,345, \$95,697, and \$139,943, respectively. Future retirement payments for employees who have elected to early retirement are recognized on an accrual basis as an expense in the government-wide statements in the year of retirement. This liability is paid primarily from the general fund. The remaining balance payable is \$224,042.

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

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

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

	2025	2024	2023
401(k) Plan			
Employer Contributions	\$ 230,778	\$ 235,382	\$ 226,573
Employee Contributions	\$ 877,438	\$ 847,095	\$ 814,938
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 120,422	\$ 104,422	\$ 86,211
Roth IRA Plan			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	\$ 129,619	\$ 122,444	\$ 129,687
Traditional IRA			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	\$ 3,200	\$ 5,410	\$ 7,300

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

6. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has joined with other public entities in a common risk management and insurance program operated by the State of Utah Division of Risk Management. The District pays premiums to this risk pool, the Utah State Risk Management Fund, for its general insurance coverage. The pool is self-sustaining through member premiums and reinsures through commercial companies for claims in excess of specified amounts for certain types of risks. The District is subject to a minimal deductible for claims of the risk pool. The District has purchased commercial insurance for other risks of loss including employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past five fiscal years.

7. LONG-TERM DEBT

Long-term liability activity for the year ended June 30, 2025 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 8,992,000	\$ -	\$ (1,065,000)	\$ 7,927,000	\$ 1,082,000
QZAB lease revenue bonds	3,541,200	-	(272,400)	3,268,800	272,400
Deferred amounts on refunding	(74,154)	-	9,268	(64,886)	(9,268)
Total bonds payable, net	12,459,046	-	(1,328,132)	11,130,914	1,345,132
Compensated absences	996,748	38,231	-	1,034,979	-
Net pension liability	7,527,778	4,122,222	(3,366,291)	8,283,709	-
Early retirement payable	224,042	100,042	(117,345)	206,739	86,201
Total governmental activity long-term liabilities	<u>\$ 21,207,614</u>	<u>\$ 4,260,495</u>	<u>\$ (4,811,768)</u>	<u>\$ 20,656,341</u>	<u>\$ 1,431,333</u>

General Obligation Bonds - The District issues general obligation bonds to finance the purchase of major capital items and the acquisition or construction of major capital facilities. Outstanding general obligation bonds at June 30, 2025 are as follows:

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

General Obligation Refunding Bonds – During 2024, The District issued general obligation refunding bonds to refund most of the Series 2012 General Obligation Bonds. Outstanding general obligation refunding bonds at June 30, 2025 are as follows:

	<u>Rates</u>	<u>Dates</u>	<u>Balance</u>
Series 2020 Dated May 28, 2020 - Original Amount \$18,000,000	1.52%	2025- 2032	<u>\$7,927,000</u>
Total			<u>\$ 7,927,000</u>

Lease Revenue Bonds - The District (through a municipal building authority) issued lease revenue bonds to finance the purchase and installation of major capital projects including energy saving building improvements. Outstanding lease revenue bonds at June 30, 2025 are as follows:

	<u>Rates</u>	<u>Dates</u>	<u>Balance</u>
Series 2017 Dated May 18, 2017 - Original Amount \$5,448,000	0%	2025- 2037	<u>\$3,268,800</u>
Total			<u>\$3,268,000</u>

The debt service requirements to maturity for the bond obligations are shown below:

Series 2020 General Obligation Bonds

<u>Fiscal Year</u> <u>Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,082,000	\$ 120,490	\$ 1,202,490
2027	1,099,000	104,044	1,203,044
2028	1,114,000	87,340	1,201,340
2029	1,131,000	70,406	1,201,406
2030	1,147,000	53,216	1,200,216
2031	1,169,000	35,780	1,204,780
2032	<u>1,185,000</u>	<u>18,012</u>	<u>1,203,012</u>
Totals	<u>\$ 7,927,000</u>	<u>\$ 489,288</u>	<u>\$ 8,416,288</u>

The general obligation bonded debt of the District is limited by state law to 4% of the fair market value of the total taxable property in the District. The legal debt limit at June 30, 2025 is approximately \$61,000,000. General obligation debt at June 30, 2025 is \$8,927,000, resulting in a legal debt margin of approximately \$52,073,000.

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Series 2018 QZAB Lease Revenue Bonds

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 272,400	\$ -	\$ 272,400
2027	272,400	-	272,400
2028	272,400	-	272,400
2029	272,400	-	272,400
2030	272,400	-	272,400
2031	272,400	-	272,400
2032	272,400	-	272,400
2033	272,400	-	272,400
2034	272,400	-	272,400
2035	272,400	-	272,400
2036	272,400	-	272,400
2037	272,400	-	272,400
Totals	<u>\$ 3,268,800</u>	<u>\$ -</u>	<u>\$ 3,268,800</u>

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NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

Combined Debt Schedules for all Bonds

Fiscal Year Ending	Principal	Interest	Total
2026	\$ 1,354,400	\$ 120,490	\$ 1,474,890
2027	1,371,400	104,044	1,475,444
2028	1,386,400	87,340	1,473,740
2029	1,403,400	70,406	1,473,806
2030	1,419,400	53,216	1,472,616
2031	1,441,400	35,780	1,477,180
2032	1,457,400	18,012	1,475,412
2033	272,400	-	272,400
2034	272,400	-	272,400
2035	272,400	-	272,400
2036	272,400	-	272,400
2037	272,400	-	272,400
Totals	<u>\$ 11,195,800</u>	<u>\$ 489,288</u>	<u>\$ 11,685,088</u>

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NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

8. COMMITED FOR UNDISTRIBUTED RESERVE

Utah State law allows for the establishment of an undistributed reserve. The Board of Education must authorize expenditures from the undistributed reserve. This reserve is for contingencies. According to State law, the District may not use undistributed reserves in the negotiation or settlement of contract salaries for District employees. The undistributed reserve may not exceed 5% of the current fiscal year's total general fund budgeted revenues. Use of the reserve requires a written resolution adopted by a majority vote of the Board filed with Utah State Board of Education and State Auditor.

9. GRANTS

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

10. INTER FUND RECEIVABLES, PAYABLES, TRANSFERS, UNEARNED REVENUES

Year end Due to/from are detailed below. All of these amounts are expected to be repaid in the next fiscal year. These interfund due to and from are eliminated at the entity wide level.

	Due From Other Funds	Due To Other Funds
Capital Projects Fund	\$ 56,426	\$ -
Debt Service Fund	-	56,426
	\$ 56,426	\$ 56,426

Governmental funds report 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 fiscal year the various components of deferred revenue and unearned revenue reported in the governmental funds consisted of the following:

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ 5,443,691	\$ -
Property Tax Receivable - Debt Service Fund	1,201,675	-
Property Tax Receivable - Capital Projects Fund	1,556,324	-
Property Tax Receivable - Tax Increment Fund	20,980	-
Other unearned revenues - Governmental Funds	-	1,479,195
Total for Governmental Funds	\$ 8,222,670	\$ 1,479,195

NORTH SANPETE SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

11. CHANGE IN ACCOUNTING PRINCIPLE

The District has adopted Statement No. 101 of the Governmental Accounting Standards Board – Compensated Absences. The adoption of the new accounting standard requires retrospective application. The District’s financial line items affected by this application are compensated absences in the liability section and the associated salaries and wages expense. The beginning net position of the District has been restated with a reduction to the beginning balance of \$832,462.

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REQUIRED SUPPLEMENTARY INFORMATION

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2025

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 4,955,535	\$ 5,850,513	\$ 5,871,224	\$ 20,711
Earnings on investments	850,000	618,000	618,523	523
Other local sources	738,000	1,373,000	1,050,856	(322,144)
State aid	23,753,558	24,683,412	24,726,143	42,731
Federal aid	1,721,129	2,119,129	2,281,438	162,309
Total revenues	<u>32,018,222</u>	<u>34,644,054</u>	<u>34,548,184</u>	<u>(95,870)</u>
Expenditures:				
Current:				
Instructional services	20,751,805	21,532,795	21,633,418	(100,623)
Supporting services:				
Students	930,011	1,387,712	1,377,943	9,769
Instructional staff	1,304,751	1,442,688	1,083,695	358,993
District administration	635,777	636,177	629,510	6,667
School administration	2,021,412	2,176,477	2,168,954	7,523
Central	1,388,803	1,699,251	1,663,941	35,310
Operation and maintenance of facilities	2,291,000	3,380,685	3,370,638	10,047
Transportation	1,389,087	1,644,730	1,628,708	16,022
Total expenditures	<u>30,712,646</u>	<u>33,900,515</u>	<u>33,556,807</u>	<u>343,708</u>
Excess of revenues over expenditures	<u>1,305,576</u>	<u>743,539</u>	<u>991,377</u>	<u>247,838</u>
Other financing sources (uses):				
Transfer in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,305,576	743,539	991,377	247,838
Fund balances - beginning	<u>7,716,061</u>	<u>7,716,061</u>	<u>7,716,061</u>	<u>-</u>
Fund balances - ending	<u>\$ 9,021,637</u>	<u>\$ 8,459,600</u>	<u>\$ 8,707,438</u>	<u>\$ 247,838</u>

NORTH SANPETE SCHOOL DISTRICT
Schedules of the District's Proportionate Share of the Net Pension Liability (Asset)
Utah Retirement Systems
Last Ten Plan (Calendar) Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tier 1 Noncontributory System:										
District's proportion of the net pension liability (asset)	0.3433312%	0.3507568%	0.3533685%	0.3391667%	0.3261975%	0.3243322%	0.2995505%	0.2980612%	0.2967931%	0.2943422%
District's proportionate share of the net pension liability (asset)	\$ 7,766,567	\$ 7,186,958	\$ 7,630,198	\$ (2,317,337)	\$ 4,348,610	\$ 7,205,694	\$ 11,144,828	\$ 7,288,676	\$ 9,618,818	\$ 9,246,131
District's covered-employee payroll	\$ 10,477,811	\$ 10,122,246	\$ 9,704,123	\$ 9,175,031	\$ 8,634,832	\$ 8,438,873	\$ 8,246,997	\$ 8,144,467	\$ 8,138,051	\$ 8,035,750
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	74.1%	71.0%	78.6%	-25.3%	50.4%	85.4%	135.1%	89.5%	118.2%	115.1%
Plan fiduciary net position as a percentage of the total pension liability	92.1%	92.5%	91.6%	107.7%	94.3%	90.1%	84.1%	89.2%	84.9%	84.5%
Tier 1 Contributory System:										
District's proportion of the net pension liability (asset)	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0000000%	0.0729674%	0.0910154%	0.7657870%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,802	\$ 49,873	\$ 47,988
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,602	\$ 24,398	\$ 24,258
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	28.9%	204.4%	197.8%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	99.2%	93.4%	92.4%
Tier 2 Contributory System:										
District's proportion of the net pension liability (asset)	0.1733987%	0.1751042%	0.1789235%	0.1698748%	0.1634233%	0.1608404%	0.1628490%	0.1565461%	0.1516483%	0.1375877%
District's proportionate share of the net pension liability (asset)	\$ 517,142	\$ 340,820	\$ 194,829	\$ (71,897)	\$ 23,505	\$ 36,174	\$ 69,745	\$ 13,802	\$ 16,916	\$ (300)
District's covered-employee payroll	\$ 5,156,276	\$ 4,530,419	\$ 3,930,317	\$ 3,166,135	\$ 2,618,958	\$ 2,239,267	\$ 1,915,181	\$ 1,537,567	\$ 1,243,642	\$ 888,626
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.0%	7.5%	5.0%	-2.3%	0.9%	1.6%	3.6%	0.9%	1.4%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	87.4%	89.6%	92.3%	103.8%	98.3%	96.5%	90.8%	97.4%	95.1%	100.2%

NORTH SANPETE SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Ten Reporting Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Tier 1 Noncontributory System:											
Contractually required contribution	\$ 2,253,520	\$ 2,274,363	\$ 2,186,750	\$ 2,071,142	\$ 1,943,104	\$ 1,874,764	\$ 1,850,331	\$ 1,790,209	\$ 1,789,677	\$ 1,793,479	\$ 1,754,031
Contributions in relation to the contractually required contribution	<u>(2,253,520)</u>	<u>(2,274,363)</u>	<u>(2,186,750)</u>	<u>(2,071,142)</u>	<u>(1,943,104)</u>	<u>(1,874,764)</u>	<u>(1,850,331)</u>	<u>(1,790,209)</u>	<u>(1,789,677)</u>	<u>(1,793,479)</u>	<u>(1,754,031)</u>
Contribution deficiency (excess)	<u>\$ -</u>										
District's covered-employee payroll	\$ 10,465,608	\$ 10,339,621	\$ 9,927,879	\$ 9,435,381	\$ 8,844,641	\$ 8,524,587	\$ 8,398,305	\$ 8,116,693	\$ 8,102,447	\$ 8,114,831	\$ 8,056,994
Contributions as a percentage of covered-employee payroll	21.5%	22.0%	22.0%	22.0%	22.0%	22.0%	22.0%	22.1%	22.1%	22.1%	21.8%
Tier 1 Contributory System:											
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 750	\$ 4,414	\$ 4,288	\$ 4,954
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(750)</u>	<u>(4,414)</u>	<u>(4,288)</u>	<u>(4,954)</u>						
Contribution deficiency (excess)	<u>\$ -</u>										
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,235	\$ 24,939	\$ 24,224	\$ 28,845
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	17.7%	17.7%	17.7%	17.2%
Tier 2 Public Employees System: *											
Contractually required contribution	\$ 1,044,098	\$ 978,263	\$ 841,891	\$ 684,039	\$ 531,673	\$ 464,064	\$ 378,209	\$ 310,404	\$ 257,600	\$ 200,074	\$ 127,838
Contributions in relation to the contractually required contribution	<u>(1,044,098)</u>	<u>(978,263)</u>	<u>(841,891)</u>	<u>(684,039)</u>	<u>(531,673)</u>	<u>(464,064)</u>	<u>(378,209)</u>	<u>(310,404)</u>	<u>(257,600)</u>	<u>(200,074)</u>	<u>(127,838)</u>
Contribution deficiency (excess)	<u>\$ -</u>										
District's covered-employee payroll	\$ 5,334,955	\$ 4,938,140	\$ 4,257,971	\$ 3,539,060	\$ 2,819,719	\$ 2,475,944	\$ 2,041,074	\$ 1,700,867	\$ 1,412,282	\$ 1,093,555	\$ 707,067
Contributions as a percentage of covered-employee payroll	19.6%	19.8%	19.8%	19.3%	18.9%	18.7%	18.5%	18.2%	18.2%	18.3%	18.1%
Tier 2 DC Public Employees System: *											
Contractually required contribution	\$ 69,236	\$ 70,854	\$ 66,516	\$ 54,595	\$ 46,771	\$ 33,512	\$ 29,351	\$ 28,178	\$ 24,832	\$ 30,671	\$ 26,237
Contributions in relation to the contractually required contribution	<u>(69,236)</u>	<u>(70,854)</u>	<u>(66,516)</u>	<u>(54,595)</u>	<u>(46,771)</u>	<u>(33,512)</u>	<u>(29,351)</u>	<u>(28,178)</u>	<u>(24,832)</u>	<u>(30,671)</u>	<u>(26,237)</u>
Contribution deficiency (excess)	<u>\$ -</u>										
District's covered-employee payroll	\$ 721,212	\$ 707,123	\$ 663,834	\$ 543,589	\$ 466,780	\$ 334,454	\$ 292,928	\$ 281,216	\$ 247,829	\$ 189,336	\$ 144,750
Contributions as a percentage of covered-employee payroll	9.6%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	16.2%	18.1%

NORTH SANPETE SCHOOL DISTRICT
Notes to Required Supplementary Information
JUNE 30, 2025

1. CHANGES IN ASSUMPTIONS –UTAH RETIREMENT SYSTEMS

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

NORTH SANPETE SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Student Activity	Tax Increment	School Foundation	
Assets:						
Cash and investments	\$ 737,474	\$ 203,762	\$ 760,603	\$ -	\$ 41,614	\$ 1,743,453
Receivables:						
Property taxes	-	-	-	20,980	-	20,980
Other governments	319,262	-	-	-	-	319,262
Inventory	27,739	-	-	-	-	27,739
Due from other funds	-	-	-	-	-	-
Total assets	<u>\$ 1,084,475</u>	<u>\$ 203,762</u>	<u>\$ 760,603</u>	<u>\$ 20,980</u>	<u>\$ 41,614</u>	<u>\$ 2,111,434</u>
Liabilities:						
Accounts payable	\$ 103,100	\$ -	\$ -	\$ -	\$ -	\$ 103,100
Accrued salaries	-	-	-	-	-	-
Due to other funds	-	-	-	-	-	-
Unearned revenue:						
Other governments	27,739	203,762	-	-	-	231,501
Total liabilities	<u>130,839</u>	<u>203,762</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>334,601</u>
Deferred inflows of resources:						
Property taxes levied for future year				20,980		20,980
Fund balances:						
Restricted for:						
Food services	953,636	-	-	-	-	953,636
Other	-	-	-	-	41,614	41,614
Committed to:						
Schools	-	-	760,603	-	-	760,603
Other	-	-	-	-	-	-
Unassigned:	-	-	-	-	-	-
Total fund balances	<u>953,636</u>	<u>-</u>	<u>760,603</u>	<u>-</u>	<u>41,614</u>	<u>1,755,853</u>
Total liabilities and fund balances	<u>\$ 1,084,475</u>	<u>\$ 203,762</u>	<u>\$ 760,603</u>	<u>\$ 20,980</u>	<u>\$ 41,614</u>	<u>\$ 2,111,434</u>

NORTH SANPETE SCHOOL DISTRICT
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
Year Ended June 30, 2025

	<u>Special Revenue</u>					Total Nonmajor Governmental Funds
	School Lunch	Non K-12 Programs	Student Activity	Tax Increment	School Foundation	
Revenues:						
Property taxes	\$ -	\$ -	\$ -	\$ 21,227	\$ -	\$ 21,227
Student fees	-	53,689	947,232	-	13,807	1,014,728
Lunch sales	377,728	-	-	-	-	377,728
Earnings on investments	298	-	34,196	-	1,571	36,065
State aid	355,024	352,923	-	-	-	707,947
Federal aid	1,575,045	24,303	-	-	-	1,599,348
Total revenues	<u>2,308,095</u>	<u>430,915</u>	<u>981,428</u>	<u>21,227</u>	<u>15,378</u>	<u>3,757,043</u>
Expenditures:						
Current:						
Instructional services	-	430,915	-	-	-	430,915
Purchased services	-	-	947,302	-	2,000	949,302
Community services	-	-	-	21,227	-	21,227
School lunch services	2,331,825	-	-	-	-	2,331,825
Total expenditures	<u>2,331,825</u>	<u>430,915</u>	<u>947,302</u>	<u>21,227</u>	<u>2,000</u>	<u>3,733,269</u>
Excess of revenues over expenditures	(23,730)	-	34,126	-	13,378	23,774
Other financing sources (uses):						
Transfers in (out)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(23,730)	-	34,126	-	13,378	23,774
Fund balances - beginning	<u>977,366</u>	<u>-</u>	<u>726,477</u>	<u>-</u>	<u>28,236</u>	<u>1,732,079</u>
Fund balances - ending	<u>\$ 953,636</u>	<u>\$ -</u>	<u>\$ 760,603</u>	<u>\$ -</u>	<u>\$ 41,614</u>	<u>\$ 1,755,853</u>

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Food Services
Nonmajor Special Revenue Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Lunch sales - children	\$ 342,000	\$ 341,866	\$ (134)	\$ 294,455
Lunch sales - adult	26,000	26,520	520	29,473
Earnings on investments	300	298	(2)	348
Other local sales	82,000	9,342	(72,658)	17,366
Total local sources	<u>450,300</u>	<u>378,026</u>	<u>(72,274)</u>	<u>341,642</u>
State sources:				
State lunch program	350,000	355,024	5,024	498,502
Total state sources	<u>350,000</u>	<u>355,024</u>	<u>5,024</u>	<u>498,502</u>
Federal sources:				
Free and reduced assistance	1,625,000	1,575,045	(49,955)	1,575,958
Total federal sources	<u>1,625,000</u>	<u>1,575,045</u>	<u>(49,955)</u>	<u>1,575,958</u>
Total revenues	<u>2,425,300</u>	<u>2,308,095</u>	<u>(117,205)</u>	<u>2,416,102</u>
Expenditures:				
Current:				
Salaries	630,500	629,356	1,144	605,872
Employee benefits	290,065	288,811	1,254	311,071
Purchased services	28,800	28,327	473	24,082
Supplies	26,800	25,125	1,675	20,236
Food	1,192,000	1,189,622	2,378	1,238,763
Other	171,500	170,584	916	116,216
Total expenditures	<u>2,339,665</u>	<u>2,331,825</u>	<u>7,840</u>	<u>2,316,240</u>
Net change in fund balances	85,635	(23,730)	(109,365)	99,862
Fund balances - beginning	<u>977,366</u>	<u>977,366</u>	-	<u>877,504</u>
Fund balances - ending	<u>\$ 1,063,001</u>	<u>\$ 953,636</u>	<u>\$ (109,365)</u>	<u>\$ 977,366</u>

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Non K-12 Programs
Nonmajor Special Revenue Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget -	Actual Amounts
Revenues:				
Local sources:				
Property Taxes		\$ -	\$ -	\$ -
Tuition and fees	54,000	53,689	(311)	47,040
Total local sources	54,000	53,689	(311)	47,040
State sources:				
Adult high school completion	37,484	37,476	(8)	83,927
Preschool	313,500	315,447	1,947	167,438
Total state sources	350,984	352,923	1,939	251,365
Federal sources:				
Special education preschool grant	24,300	24,303	3	24,728
Other federal sources	-	-	-	-
Total federal sources	24,300	24,303	3	24,728
Total revenues	429,284	430,915	1,631	323,133
Expenditures:				
Current:				
Salaries	360,400	334,704	25,696	257,959
Employee benefits	64,270	51,493	12,777	44,611
Purchased services	4,750	4,240	510	13,127
Supplies	40,660	40,478	182	7,436
Other	1,200	-	1,200	-
Total expenditures	471,280	430,915	40,365	323,133
Excess (deficiency) of revenues over (under) expenditures	(41,996)	-	41,996	-
Other Financing Sources (Uses):				
Transfers in (out)	-	-	-	-
Net change in fund balances	(41,996)	-	41,996	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	\$ (41,996)	\$ -	\$ 41,996	\$ -

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances
Student Activity Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	<u>2025</u>			<u>2024</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Student fee and community service activities	\$ -	\$ 947,232	\$ 947,232	\$ 849,864
Earnings on investments	-	34,196	34,196	35,540
Total revenues	<u>-</u>	<u>981,428</u>	<u>981,428</u>	<u>885,404</u>
Expenditures:				
Current:				
Purchased services	-	212,024	(212,024)	77,583
Supplies	-	735,278	(735,278)	756,946
Total expenditures	<u>-</u>	<u>947,302</u>	<u>(947,302)</u>	<u>834,529</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>34,126</u>	<u>34,126</u>	<u>50,875</u>
Other financing sources (uses):				
Transfers in (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	34,126	34,126	50,875
Fund balances - beginning	<u>726,477</u>	<u>726,477</u>	<u>-</u>	<u>675,602</u>
Fund balances - ending	<u>\$ 726,477</u>	<u>\$ 760,603</u>	<u>\$ 34,126</u>	<u>\$ 726,477</u>

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Tax Increment Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	<u>2025</u>			<u>2024</u>
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property taxes	\$ 22,000	\$ 21,227	\$ (773)	\$ 3,150
Other local			-	
Total local sources	<u>22,000</u>	<u>21,227</u>	<u>(773)</u>	<u>3,150</u>
Total revenues	<u>22,000</u>	<u>21,227</u>	<u>(773)</u>	<u>3,150</u>
Expenditures:				
Current:				
Community services	22,000	21,227	773	3,150
Other			-	
Total expenditures	<u>22,000</u>	<u>21,227</u>	<u>773</u>	<u>3,150</u>
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources:				
Transfer in			-	
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
School Foundation Fund
Nonmajor Special Revenue Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Contributions	\$ 14,000	\$ 13,807	\$ (193)	\$ -
Earnings on investments	1,500	1,571	71	1,343
Total revenues	<u>15,500</u>	<u>15,378</u>	<u>(122)</u>	<u>1,343</u>
Expenditures:				
Current:				
Supplies	2,000	2,000	-	(134)
Total expenditures	<u>2,000</u>	<u>2,000</u>	<u>-</u>	<u>(134)</u>
Excess (deficiency) of revenues over (under) expenditures	13,500	13,378	(122)	1,477
Other financing sources (uses):				
Transfer in	-	-	-	-
Net change in fund balances	13,500	13,378	(122)	1,477
Fund balances - beginning	<u>28,236</u>	<u>28,236</u>	<u>-</u>	<u>26,759</u>
Fund balances - ending	<u>\$ 41,736</u>	<u>\$ 41,614</u>	<u>\$ (122)</u>	<u>\$ 28,236</u>

MAJOR GOVERNMENTAL FUNDS

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Debt Service Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Property tax	\$ 1,392,000	\$ 1,393,683	\$ 1,683	\$ 1,332,182
Total revenues	<u>1,392,000</u>	<u>1,393,683</u>	<u>1,683</u>	<u>1,332,182</u>
Expenditures:				
Debt service:				
Bond principal	1,065,000	1,065,000	-	1,051,000
Bond interest	136,678	136,923	(245)	152,654
Paying agent fees	250	250	-	162
Total expenditures	<u>1,201,928</u>	<u>1,202,173</u>	<u>(245)</u>	<u>1,203,816</u>
Excess (deficiency) of revenues over (under) expenditures	<u>190,072</u>	<u>191,510</u>	<u>1,438</u>	<u>128,366</u>
Other financing sources (uses):				
Proceeds of refunding bonds	-	-	-	-
Transfers out to other funds	(190,000)	(190,000)	-	(150,000)
Payment to refunded bond escrow agent	-	-	-	-
Total other financing sources (uses)	<u>(190,000)</u>	<u>(190,000)</u>	<u>-</u>	<u>(150,000)</u>
Net change in fund balances	72	1,510	1,438	(21,634)
Fund balance - beginning	<u>6,722</u>	<u>6,722</u>	<u>-</u>	<u>28,356</u>
Fund balance - ending	<u>\$ 6,794</u>	<u>\$ 8,232</u>	<u>\$ 1,438</u>	<u>\$ 6,722</u>

NORTH SANPETE SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Major Capital Projects Fund
Year Ended June 30, 2025
With Comparative Totals for 2024

	2025			2024
	Final Budgeted Amounts	Actual Amounts	Variance with Final Budget	Actual Amounts
Revenues:				
Local sources:				
Property taxes	\$ 1,710,000	\$ 1,711,479	\$ 1,479	\$ 1,692,288
Earnings on investments	485,000	485,403	403	767,132
Other local revenues	11,000	10,970	(30)	5,511
Total local sources	2,206,000	2,207,852	1,852	2,464,931
State sources:				
Other state revenues	4,397,000	4,398,295	1,295	1,570,457
Total state sources	4,397,000	4,398,295	1,295	1,570,457
Total revenues	6,603,000	6,606,147	3,147	4,035,388
Expenditures:				
Land and buildings:				
Land improvements	950,000	949,368	632	460,665
Building improvements	4,915,000	5,095,288	(180,288)	61,702
Total land and buildings	5,865,000	6,044,656	(179,656)	522,367
Equipment:				
Maintenance and custodial	55,000	34,439	20,561	105,912
Equipment	1,488,600	727,185	761,415	158,818
Buses	156,200	156,139	61	41,516
Total equipment	1,699,800	917,763	782,037	306,246
Debt service:				
Principal payments	272,400	272,400	-	272,400
Total debt service	272,400	272,400	-	272,400
Total expenditures	7,837,200	7,234,819	602,381	1,101,013
Excess (deficiency) of revenues over (under) expenditures	(1,234,200)	(628,672)	605,528	2,934,375
Other Financing Sources (Uses):				
Sale of capital assets	29,000	29,725	725	28,525
Transfers in (out)	190,000	190,000	-	150,000
Total other financing sources (uses)	219,000	219,725	725	178,525
Net change in fund balances	(1,015,200)	(408,947)	606,253	3,112,900
Fund balance - beginning	6,640,712	6,640,712	-	3,527,812
Fund balance - ending	\$ 5,625,512	\$ 6,231,765	\$ 606,253	\$ 6,640,712

NORTH SANPETE SCHOOL DISTRICT

**SINGLE AUDIT AND OTHER COMPLIANCE
INTERNAL CONTROL REPORTS**

YEAR ENDED JUNE 30, 2025

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NORTH SANPETE SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program Title	Federal ALN Number	Pass-Thru Grantor's Number	Disbursements or Expenditures
Special Education-Preschool Grants			
<u>U.S. Department of Education</u>			
Passed Through State Dept. of Education (USOE)			
<i>Special Education (IDEA) Cluster</i>			
Special Education-Grants to States	84.027	STAC, FTFL	\$ 672,826
Special Education Preschool-Grants to States	84.173	PRE	24,303
<i>Total Special Education (IDEA) Cluster</i>			<u>697,129</u>
<i>Other Programs</i>			
English Language Acquisition (Title III, A)	84.365	EFLT, IMM	21,889
Improving Teacher Quality (Title II, A)	84.367	2FT	80,000
Title I Grants to Local Educational Agencies (Title I, A)	84.010	TIFT, TISF	566,326
Student Support Academic Enrichment Grants	84.424	AFT	16,749
Neglected and Delinquent Children and Youth	84.013	NDT	84,023
Migrant Education-State Grant Program	84.011	MGFT	56,443
Career and Technical Education	84.048	FLEA	73,876
Total Passed Through USOE			<u>1,596,435</u>
Passed Through Utah State University			
GEAR UP	84.334	N/A	17,771
Total U.S. Dept. of Education			<u>1,614,206</u>
<u>U.S. Department of Health and Human Services</u>			
Passed Through Utah Department of Health			
Substance Abuse and Mental Health Services Projects	93.243		501,614
Medicaid Cluster: Medical Assistance Program	93.778		98,914
Passed Through Utah Department of Work Force Services			<u>600,528</u>
Temporary Assistance for Needy Families	93.558		73,786
Total U.S. Dept. of Health and Human Services			<u>674,314</u>
<u>U.S. Department of Agriculture</u>			
Passed Through State Office of Education			
<i>Child Nutrition Cluster</i>			
School Breakfast Program	10.553	SBP	324,689
Fresh Fruit and Vegetable Program	10.582	FFVP	105,670
National School Lunch Program	10.555	NSLP	995,729
National School Lunch Program -Non Cash (Commodity)	10.555	NSLP	75,071
<i>Total Child Nutrition Cluster</i>			<u>1,501,159</u>
Passed Through Sanpete County Forest Reserve			
Schools and Roads	10.665	N/A	9,497
Total U.S. Department of Agriculture			<u>1,510,656</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 3,799,176</u></u>

See accompanying notes to the Schedule of Expenditures of Federal Awards

NORTH SANPETE SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the schedule) includes the federal grant activity of North Sanpete School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations (CFR), Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*. Because the Schedule presents only a selected portion of the operations of North Sanpete School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of North Sanpete School District.

NOTE B - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activities related to the District expenditure of Federal awards. The schedule has been prepared on the same basis of accounting as the financial statements. Most of the awards are reimbursement based. Therefore, as expenditures of Federal funds are made, revenue is recognized. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

North Sanpete School District does not use the 10% de minimis cost rate as allowed under Uniform Guidance

NOTE C - ACCOUNTS RECEIVABLE

The financial statements include accounts receivable from Federal programs. These receivables are recorded according to the same basis of accounting as the financial statements. The receivables reflect Federal awards that have been expended by year end and not yet reimbursed.

NOTE D - FOOD DISTRIBUTION

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. School Districts participating in the USDA Food Distribution Program during the 2024-2025 year were sent a monthly report by the state detailing market value of USDA goods received for the month. Noncash federal awards are based on these reports and estimates.



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

Honorable Board of Education
North Sanpete School District
Mount Pleasant, Utah

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of North Sanpete School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North Sanpete School District's basic financial statements, and have issued our report thereon dated November 22, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Sanpete School District'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 North Sanpete School District's internal control. Accordingly, we do not express an opinion on the effectiveness of North Sanpete School District's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Gilbert & Stewart

Gilbert & Stewart
Certified Public Accountants
Provo, Utah
November 22, 2025



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Honorable Board of Education
North Sanpete School District
Mount Pleasant, Utah

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Sanpete School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of North Sanpete School District's major federal programs for the year ended June 30, 2025. North Sanpete School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, North Sanpete School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or

significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of North Sanpete School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise North Sanpete School District's basic financial statements. We issued our report thereon dated November 22, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Gilbert & Stewart

Gilbert & Stewart
Certified Public Accountants
Provo, Utah
November 22, 2025

NORTH SANPETE SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of North Sanpete School District were prepared in accordance with GAAP.
2. No significant deficiencies in internal control were disclosed during the audit of the financial statements. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of North Sanpete School District, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit. No material weaknesses are reported.
5. The auditor's report on compliance for the major Federal award programs for North Sanpete School District expresses an unmodified opinion on all major federal programs.
6. There are no audit findings that are required to be reported in accordance with 2 CFR section 200.516(a) are reported in this schedule.
7. The programs tested as a major program were: Child Nutrition Cluster: School Breakfast Program ALN #10.553, National School Lunch Program ALN #10.555, and Fresh Fruit and Vegetables Program ALN #10.582.
8. The threshold for distinguishing between Type A and B programs was \$750,000.
9. North Sanpete School District was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None

C. PRIOR YEAR FINDINGS AND QUESTIONED COSTS –MAJOR AWARD PROGRAMS

None

D. FINDINGS AND QUESTIONED COSTS – MAJOR AWARD PROGRAMS

None



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE *STATE COMPLIANCE AUDIT GUIDE*

Honorable Board of Education
North Sanpete School District
Mt. Pleasant, Utah

REPORT ON COMPLIANCE

We have audited North Sanpete School District's compliance with the applicable state requirements described in the *State Compliance Audit Guide*, issued by the Office of the Utah State Auditor for the year ended June 30, 2025.

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

- Budgetary Compliance
- Fund Balance
- Fraud Risk Assessment
- Government Fees
- Cash Management
- Tax Levy Revenue Recognition
- Utah Retirement System
- Crime Insurance for Public Treasurers
- Internal Control Systems
- Public Education Programs

Opinion on Compliance

In our opinion, North Sanpete School District complied, in all material respects, with the state compliance requirements referred to above for the year ended June 30, 2025.

Basis for Opinion

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the *State Compliance Audit Guide* and which are described in our letter to management dated November 22, 2025 as item 25-1. Our opinion on compliance is not modified with respect to these matters.

Government Auditing Standards require the auditor to perform limited procedures on North Sanpete School District's response to the noncompliance findings identified in our audit described in our letter to management dated November 22, 2025 as item 25-1. North Sanpete School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

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

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

Purpose of this 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. However, pursuant to *Utah Code* Title 63G, Chapter 2, this report is a matter of public record, and as such, its distribution is not limited.

Gilbert & Stewart

GILBERT & STEWART
Certified Public Accountants
Provo, UT
November 22, 2025