

MORGAN COUNTY SCHOOL DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

MORGAN COUNTY SCHOOL DISTRICT

Table of Contents Year Ended June 30, 2025

	Page
<hr/>	
FINANCIAL SECTION	
Independent Auditor's Report	1
Management's Discussion and Analysis	3-9
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	14
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – General Fund	17
Notes to the Financial Statements	18-49
Required Supplementary Information	
Schedule of the Proportionate Share of the Net Pension Liability (Asset)	51
Schedule of District Contributions-Utah State Retirement System	52
Schedule of Changes in the District's Total OPEB Obligation and Related Ratios	53
Schedule of Changes in the District's Retirement Liability and Related Ratios	54
Notes to Required Supplementary Information	55
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	57
Combining Statement of Revenues, Expenditures and Changes in Fund Balances -Nonmajor Governmental Funds	58

MORGAN COUNTY SCHOOL DISTRICT

Table of Contents Year Ended June 30, 2025

	Page
<hr/>	
FINANCIAL SECTION (Continued)	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Food Service – Nonmajor Special Revenue Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Student Activity Fund – Nonmajor Special Revenue Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Tax Increment Financing Fund – Nonmajor Special Revenue Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – District Foundation Fund – Nonmajor Special Revenue Fund	62
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Debt Service Fund	64
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Major Capital Projects Fund	65



GILBERT & STEWART
CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
ESTABLISHED 1974

RANDEL A. HEATON, CPA
LYNN A. GILBERT, CPA
JAMES A. GILBERT, CPA
BEN H. PROBST, CPA
RONALD J. STEWART, CPA

SIDNEY S. GILBERT, CPA
JAMES E. STEWART, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Board of Education
Morgan County School District
Morgan, Utah

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morgan County School District, Utah, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Morgan County 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 Morgan County School District, Utah, as of June 30, 2025 and the respective changes in financial position and the respective budgetary comparison for the general fund 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 Morgan County 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.

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 Morgan County 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.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

AMERICAN FORK OFFICE
85 NORTH CENTER STREET
AMERICAN FORK, UT 84003
(801) 756-9666
FAX (801) 756-9667

PROVO OFFICE
190 WEST 800 NORTH #100
PROVO, UT 84601
(801) 377-5300
FAX (801) 373-5622

HEBER OFFICE
45 SOUTH MAIN ST
HEBER, UT 84032
(435) 654-6477
FAX (801) 373-5622

WWW.GILBERTANDSTEWART.COM

- 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 Morgan County 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 Morgan County 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 and budgetary comparison information 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 Morgan County 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 2, 2025 on our consideration of Morgan County 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 Morgan County 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 Morgan County School District's internal control over financial reporting and compliance.

Gilbert & Stewart

Gilbert & Stewart CPA PC
Provo, Utah
November 2, 2025

**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

As management of the Morgan County 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 ended June 30, 2025. We encourage readers to consider the information presented here, in conjunction with additional information that we have furnished.

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 basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

The *statement of net position* presents information on all of the assets 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 most recent fiscal year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and 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 are 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 three categories: governmental funds, proprietary funds, and fiduciary funds.

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

**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

The District maintains seven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, each of which are considered to be major funds. Individual fund data for the debt service fund and the capital projects fund is provided in the form of *individual fund schedules* found on pages 64 through 65 of this report. Data from four governmental funds (special revenue funds) are combined into a single, aggregated presentation. Individual fund data for each of the nonmajor governmental funds is provided in the form of *combining and individual fund statements and schedules* found on pages 57 through 62 of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement is provided on page 17 for the general fund to demonstrate compliance with this budget.

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

Notes to the basic financial statements – The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 18 through 49 of this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$55.08 million at the close of the most recent fiscal year.

The largest portion of the District's net position is reflected as investments in capital assets (e.g., sites, site improvements, buildings, equipment, and vehicles, net of accumulated depreciation), less any related debt (general obligation bonds payable and obligations under capital leases less unspent bond proceeds) used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are *not* available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net position represents resources that are subject to external restrictions on how they may be used. The remaining balance of the District's net position is in unrestricted net position. Unrestricted net position may be used to meet the District's ongoing obligations to students, employees, and vendors and to honor next year's budget.

At the end of the current fiscal year, the District is able to report positive balances in all three categories of Net Position, both for the District as a whole, and for its separate governmental activities.

**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

MORGAN COUNTY SCHOOL DISTRICT'S NET POSITION

	Governmental Activities		Total Change
	2025	2024	2025-2024
Current and other assets	\$ 52,032,930	\$50,264,074	\$ 1,768,856
Capital assets	89,177,150	83,642,009	5,535,141
Total assets	141,210,080	133,906,083	7,303,997
Deferred outflow of Resources	6,529,876	5,861,043	668,833
Current and other liabilities	5,029,007	4,208,606	820,401
Noncurrent liabilities	65,672,441	63,048,774	2,623,667
Total liabilities	70,701,448	67,257,380	3,444,068
Deferred Inflow of Resources	19,978,129	17,425,810	2,552,319
Net Postion:			
Net investment in			
capital assets	34,681,640	29,764,562	4,917,078
Restricted	10,498,826	10,201,972	296,854
Unrestricted	11,763,125	15,117,402	(3,354,277)
	<u>\$ 56,943,591</u>	<u>\$55,083,936</u>	<u>\$ 1,859,655</u>

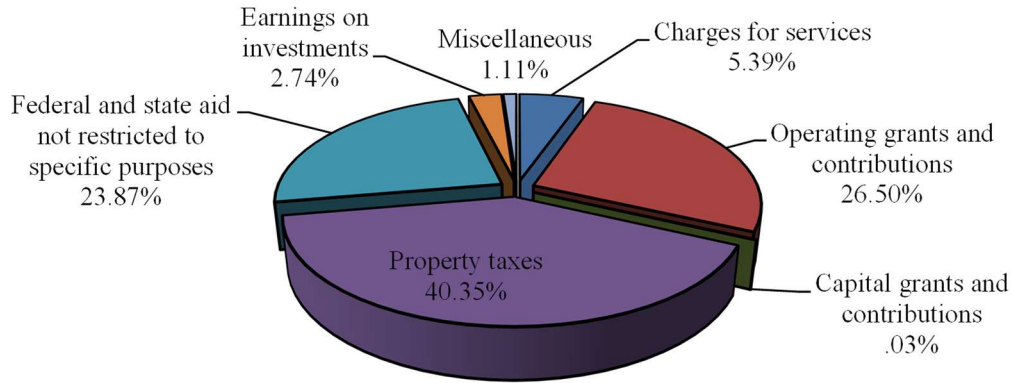
**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

MORGAN COUNTY SCHOOL DISTRICT'S CHANGES IN NET POSITION

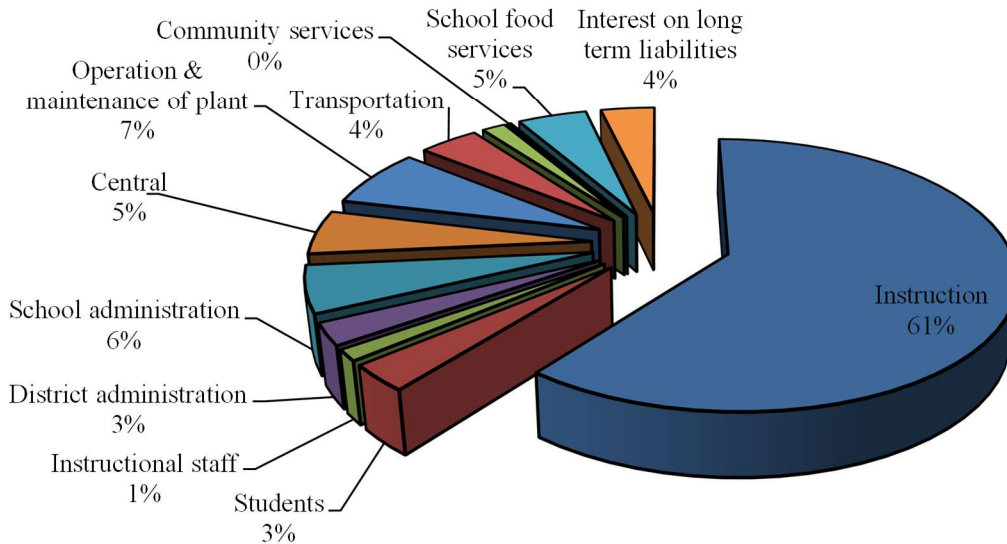
	Governmental Activities		Total Changes 2025-2024
	2025	2024	
Revenues:			
Program revenues:			
Charges for services	\$ 2,674,599	\$ 2,421,594	\$ 253,005
Operating grants and contributions	13,139,994	12,402,605	737,389
Capital grants and contributions	14,224	29,821	(15,597)
General Revenues:			
Property taxes	20,005,545	18,298,223	1,707,322
Federal and state aid not restricted to specific purposes	11,834,929	17,182,594	(5,347,665)
Earnings on investments	1,357,411	1,501,273	(143,862)
Miscellaneous	550,165	617,001	(66,836)
Total revenues	<u>49,576,867</u>	<u>52,453,111</u>	<u>(2,876,244)</u>
Expenses:			
Instruction	28,731,902	26,606,917	2,124,985
Support services:			
Students	1,511,092	1,392,379	118,713
Instructional staff	633,129	786,625	(153,496)
District administration	1,243,302	1,467,781	(224,479)
School administration	2,662,918	2,259,199	403,719
Business	2,514,754	1,790,239	724,515
Operation & maintenance of plant	3,330,413	2,673,398	657,015
Transportation	1,909,276	1,880,296	28,980
Other	748,401	699,675	48,726
Community services	114,113	231,226	(117,113)
School lunch services	2,215,368	2,043,550	171,818
Interest on long term liabilities	1,724,758	1,689,662	35,096
Total expenses	<u>47,339,426</u>	<u>43,520,947</u>	<u>3,818,479</u>
Changes in net position	2,237,441	8,932,164	(6,694,723)
Net position, beginning restated	54,822,938	45,890,774	8,932,164
Net position, ending	<u>\$ 57,060,379</u>	<u>\$ 54,822,938</u>	<u>\$ 2,237,441</u>

**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

**Morgan County School District
Revenue by Source - Governmental Activities
Year Ended June 30, 2025**



**Morgan County School District
Expenses by Function - Governmental Activities
Year Ended June 30, 2025**



**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

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

Governmental funds – The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. At June 30, 2025, the District's governmental funds reported a combined fund balance of \$27,983,251, which reflects an decrease of \$1,767,458 from last year. In addition, the following changes in revenues and expenditures should be noted:

- Expenditures for the general fund totaled \$37,821,026. Instruction represents 65 percent of general fund expenditures. As found in other sections of the report, instructional costs were increased. The increase represents increases in operational costs.

Governmental funds report the differences between their assets and liabilities as fund balance, which is divided into five categories based on liquidity and availability of appropriation. Non-spendable fund balances are not available (inventory), Restricted fund balances are available for a specified purpose, and Committed fund balances reflect the District's self-imposed limitation on the use of otherwise available expendable financial resources in governmental funds. Fund balances of debt service, 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. On June 30, 2025, the District's governmental funds reported \$9,348,479 in restricted and non-spendable fund balances, \$2,069,363 in committed fund balance, \$1,066,530 in assigned fund balance, and \$15,498,879 in unassigned fund balance.

Capital Asset 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.

MORGAN COUNTY SCHOOL DISTRICT'S CAPITAL ASSETS
(Net of Accumulated Depreciation)

	2025	2024	Total Change 2025-2024
Land	\$ 4,233,515	\$ 4,233,515	\$ -
Construction in progress	5,123,783	678,334	4,445,449
Buildings & Improvements	74,531,230	74,858,729	(327,499)
Furniture and Equipment	5,288,622	3,871,431	1,417,191
	<u>\$ 89,177,150</u>	<u>\$ 83,642,009</u>	<u>\$ 5,535,141</u>

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

**MORGAN COUNTY SCHOOL DISTRICT
MANAGEMENT DISCUSSION AND ANALYSIS
JUNE 30, 2025**

Debt Administration – In January of 2007 the District issued bonds in the amount of \$25,000,000 for the construction of a new elementary school in Mtn. Green and additions to Morgan Elementary and Morgan High School. In 2011 the district issued \$4,000,000 of QSCB (Qualified School Construction Bonds) for the construction of a new transportation facility and an enclosed P E facility. Because these bonds were not voted levy bonds, the payments from these bonds will be from the Capital Levy. These bonds were retired during 2025. During 2015 the District issued General Obligation bonds in the amount of \$14,440,000 to partially refund the General Obligation Bonds Series 2007. During 2018 the District issued General Obligation bonds in the amount of \$49,000,000 for school building projects.

As of June 30, 2025, the District has outstanding principal balances of \$51,526,000.

MORGAN COUNTY SCHOOL OUTSTANDING BONDS

	2025	2024	Total Change 2025-2024
General obligation bonds	\$ 48,735,000	\$ 51,240,000	\$ (2,505,000)
QSCB Lease revenue bonds	-	286,000	(286,000)
	<u>\$ 48,735,000</u>	<u>\$ 51,526,000</u>	<u>\$ (2,791,000)</u>

Additional information on the District's long-term debt can be found in Note 6 to the basic financial statements.

Requests for Information

This financial report is designed to provide a general overview of Morgan County School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Business Administrator, Morgan County School District, 67 N 200 E, Morgan, Utah 84050.

BASIC FINANCIAL STATEMENTS

MORGAN COUNTY SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	<u>Primary Governmental Activities</u>
Assets:	
Cash and investments	\$ 30,474,328
Receivables:	
Property taxes	20,497,948
Other governments	104,380
Other receivables	928,211
Inventories	28,063
Capital assets:	
Land and Construction in Progress	9,357,298
Other capital assets, net of accumulated depreciation	79,819,852
Total assets	<u>141,210,080</u>
Deferred outflows of resources:	
Deferred outflows relating to pensions	<u>6,529,876</u>
Liabilities:	
Accounts payable	1,167,015
Accrued interest	940,589
Accrued salaries	2,921,403
Noncurrent liabilities:	
Due within one year	3,631,683
Due in more than one year	62,040,758
Total liabilities	<u>70,701,448</u>
Deferred Inflows of Resources:	
Property taxes levied for future period	19,961,261
Deferred inflows relating to pensions	16,868
	<u>19,978,129</u>
Net Position:	
Net investment in capital assets	34,681,640
Restricted for:	
School lunch	179,625
Student activities	1,027,697
Foundation	1,066,530
Debt service	2,753,790
Capital projects	5,471,184
Unrestricted	11,763,125
Total net position	<u><u>\$ 57,060,379</u></u>

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

MORGAN COUNTY SCHOOL DISTRICT
Statement of Activities
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental activities:					
Instructional services	\$ 28,731,902	\$ 1,914,472	\$ 10,130,410	\$ -	\$ (16,687,020)
Supporting services:					
Students	1,511,092	-	-	-	(1,511,092)
Instructional staff	633,129	-	-	-	(633,129)
General administration	1,243,302	-	1,215,162	-	(28,140)
School administration	2,662,918	-	-	-	(2,662,918)
Central services	2,514,754	-	-	-	(2,514,754)
Operation and maintenance of facilities	3,330,413	-	-	-	(3,330,413)
Transportation	1,909,276	-	1,035,612	-	(873,664)
Other	748,401	-	-	-	(748,401)
Community Services	114,113	-	-	-	(114,113)
School food services	2,215,368	760,127	758,810	-	(696,431)
Interest on long-term liabilities	1,724,758	-	-	14,224	(1,710,534)
Total school district	<u>\$ 47,339,426</u>	<u>\$ 2,674,599</u>	<u>\$ 13,139,994</u>	<u>\$ 14,224</u>	<u>(31,510,609)</u>
General revenues:					
Property taxes levied for:					
General purposes					10,190,825
Debt service					5,311,472
Capital outlay					4,503,248
Federal and state aid not restricted to specific purposes					11,834,929
Earnings on investments					1,357,411
Miscellaneous					550,165
Total general revenues					<u>33,748,050</u>
Change in net position					2,237,441
Net position - beginning restated for GASB 101, Compensated Absences					<u>54,822,938</u>
Net position - ending					<u>\$ 57,060,379</u>

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

MORGAN COUNTY SCHOOL DISTRICT

Balance Sheet

Governmental Funds

June 30, 2025

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Assets:					
Cash and investments	\$ 18,606,211	\$ 3,552,771	\$ 6,048,079	\$ 2,267,267	\$ 30,474,328
Receivables:					
Property taxes	10,800,026	4,689,764	4,712,261	295,897	20,497,948
Other governments	6,008	-	-	98,372	104,380
Other receivables	924,920	-	-	-	924,920
Inventories	-	-	-	28,063	28,063
Prepaid Expenditures	3,291	-	-	-	3,291
Total assets	<u>\$ 30,340,456</u>	<u>\$ 8,242,535</u>	<u>\$ 10,760,340</u>	<u>\$ 2,689,599</u>	<u>\$ 52,032,930</u>
Liabilities:					
Liabilities:					
Accounts payable	\$ 466,999	\$ -	\$ 696,954	\$ 3,062	\$ 1,167,015
Accrued salaries	2,921,403	-	-	-	2,921,403
Total liabilities	<u>3,388,402</u>	<u>-</u>	<u>696,954</u>	<u>3,062</u>	<u>4,088,418</u>
Deferred Inflows of Resources:					
Property taxes levied for future year	<u>10,525,006</u>	<u>4,548,156</u>	<u>4,592,202</u>	<u>295,897</u>	<u>19,961,261</u>
Fund Balances:					
Nonspendable:					
Inventory and prepaids	3,291	-	-	28,063	31,354
Restricted for:					
Debt service	-	3,694,379	-	-	3,694,379
Capital outlay	-	-	5,471,184	-	5,471,184
School lunch				151,562	151,562
Committed for:					
Economic stabilization	250,000	-	-	-	250,000
Employee benefit obligations	674,878	-	-	-	674,878
Schools	-	-	-	1,027,697	1,027,697
Other	-	-	-	116,788	116,788
Assigned to:					
Foundation	-	-	-	1,066,530	1,066,530
Unassigned:					
General fund	<u>15,498,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,498,879</u>
Total fund balances	<u>16,427,048</u>	<u>3,694,379</u>	<u>5,471,184</u>	<u>2,390,640</u>	<u>27,983,251</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 30,340,456</u>	<u>\$ 8,242,535</u>	<u>\$ 10,760,340</u>	<u>\$ 2,689,599</u>	<u>\$ 52,032,930</u>

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

MORGAN COUNTY 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	\$ 27,983,251
---	---------------

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

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

Land	\$ 4,233,515	
Construction in progress	5,123,783	
Buildings and improvements, net of \$29,732,567 accumulated depreciation	74,531,230	
Furniture and equipment, net of \$7,438,903 accumulated depreciation	5,288,622	89,177,150

Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. Accrued interest for the general obligation, lease revenue bonds, and notes payable is \$940,589.	(940,589)
---	-----------

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

Long-term liabilities that pertain to governmental funds, including bonds payable, are not due and payable in the current period and therefore are not reported as fund liabilities. All liabilities - both current and long-term - are reported in the statement of net assets. Balances at year-end are:

Bonds payable	(48,735,000)	
Unamortized premiums	(1,993,389)	
Obligations under long term notes payable and capital leases	(3,767,121)	
Net pension liability	(9,249,327)	
Deferred outflows of resources related to pensions	6,529,876	
Deferred inflows of resources related to pensions	(16,868)	
Compensated absences payable	(674,878)	
Post employment benefit obligation	(1,252,726)	(59,159,433)

Total net position of governmental activities	\$ 57,060,379
--	----------------------

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

	Major Funds			Other	Total
	General	Debt Service	Capital Projects	Governmental Funds	Governmental Funds
Revenues:					
Property taxes	\$ 10,078,696	\$ 5,249,529	\$ 4,450,689	\$ 226,631	\$ 20,005,545
Earnings on investments	818,251	184,274	308,671	46,215	1,357,411
School lunch sales	-	-	-	760,127	760,127
Other local sources	534,275	-	-	1,978,709	2,512,984
State aid	23,502,777	-	-	328,375	23,831,152
Federal aid	713,336	-	14,224	430,435	1,157,995
Total revenues	35,647,335	5,433,803	4,773,584	3,770,492	49,625,214
Expenditures:					
Current:					
Instructional services	24,531,778	-	-	1,674,741	26,206,519
Supporting services:					
Students	1,479,518	-	-	-	1,479,518
Instructional staff	627,104	-	-	-	627,104
District administration	1,220,194	-	-	-	1,220,194
School administration	2,329,216	-	-	-	2,329,216
Business	2,490,731	-	-	-	2,490,731
Operation and maintenance of facilities	2,807,233	-	-	-	2,807,233
Transportation	1,586,851	-	-	-	1,586,851
Other	748,401	-	-	-	748,401
Community services	-	-	-	109,843	109,843
School food services	-	-	-	2,177,849	2,177,849
Capital outlay	-	-	9,191,416	-	9,191,416
Debt service:					
Principal retirement	-	2,505,000	286,000	-	2,791,000
Interest and fiscal charges	-	1,918,157	40,145	-	1,958,302
Total expenditures	37,821,026	4,423,157	9,517,561	3,962,433	55,724,177
Excess (deficiency) of revenues over (under) expenditures	(2,173,691)	1,010,646	(4,743,977)	(191,941)	(6,098,963)
Other financing sources (uses):					
Transfers in (out)	151,653	(650,000)	-	450,000	(48,347)
Lease proceeds	-	-	3,767,121	-	3,767,121
Sale of capital assets	-	-	896,307	-	896,307
Total other financing sources (uses)	151,653	(650,000)	4,663,428	450,000	4,615,081
Net change in fund balances	(2,022,038)	360,646	(80,549)	258,059	(1,483,882)
Fund balances - beginning	18,449,086	3,333,733	5,551,733	2,132,581	29,467,133
Fund balances - ending	<u>\$ 16,427,048</u>	<u>\$ 3,694,379</u>	<u>\$ 5,471,184</u>	<u>\$ 2,390,640</u>	<u>\$ 27,983,251</u>

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

MORGAN COUNTY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balances of Government Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances-total governmental funds	\$ (1,483,882)
---	-----------------------

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.

Capital outlays	\$ 9,711,636	
Amounts attributable to disposal of assets	(28,854)	
Depreciation expense	(4,147,641)	5,535,141

Some capital asset additions are financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability. Repayment of capital lease principal is an expenditure in the governmental funds, but repayment reduces the lease obligation in the statement of net assets.

Other financing source - leases	(3,767,121)	
Principal payments on leases	-	(3,767,121)

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 premiums and discounts 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 and payments to bond escrow agent	2,791,000	
Interest expense - general obligation and lease revenue bonds	(124,514)	
Amortization of bond premium	358,058	3,024,544

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.

-

The receipt of commodities is not reported as revenue in governmental funds but is reflected in the statement of activities. Commodities held by the District increased by:

-

In the statement of activities, certain operating expenses - compensated absences (vacations), special termination benefits (early retirement), and claims (arbitrage rebates) - are measured by the amounts earned during the year, and certain pension related expenses. 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 leave pay increased by \$67,739 and early retirement payable increased by \$240,860 remained the same. Pension expense for the year was \$762,642.

(1,071,241)

Change in net position of governmental activities	\$ 2,237,441
--	---------------------

MORGAN COUNTY SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues:				
Property taxes	\$ 8,634,613	\$ 8,634,613	\$ 10,078,696	\$ 1,444,083
Earnings on investments	1,016,141	1,018,643	818,251	(200,392)
Other local sources	100,000	645,258	534,275	(110,983)
State aid	23,765,509	23,566,673	23,502,777	(63,896)
Federal aid	860,998	512,074	713,336	201,262
Total revenues	34,377,261	34,377,261	35,647,335	1,270,074
Expenditures:				
Current:				
Instructional services	22,938,882	24,188,466	24,531,778	(343,312)
Supporting services:				
Students	1,427,086	1,627,563	1,479,518	148,045
Instructional staff	748,571	1,093,877	627,104	466,773
District administration	1,552,860	1,318,463	1,220,194	98,269
School administration	2,554,173	2,256,114	2,329,216	(73,102)
Central services	1,762,847	2,162,950	2,490,731	(327,781)
Operation and maintenance of facilities	2,977,440	2,889,615	2,807,233	82,382
Transportation	1,737,112	1,554,672	1,586,851	(32,179)
Other	4,098,713	4,194,718	748,401	3,446,317
Total expenditures	39,797,684	41,286,438	37,821,026	3,465,412
Excess of revenues over expenditures	(5,420,423)	(6,909,177)	(2,173,691)	4,735,486
Other financing sources (uses):				
Capital lease proceeds	-	-	-	-
Proceeds from sale of capital assets	-	-	-	-
Transfer in	-	-	4,003,590	4,003,590
Transfer out	-	-	(3,851,937)	(3,851,937)
Net change in fund balances	(5,420,423)	(6,909,177)	(2,022,038)	4,887,139
Fund balances - beginning	18,449,086	18,449,086	18,449,086	-
Fund balances - ending	<u>\$ 13,028,663</u>	<u>\$ 11,539,909</u>	<u>\$ 16,427,048</u>	<u>\$ 4,887,139</u>

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

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Morgan County School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local governmental 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.

Organization

Morgan County School District (District) operates under a board/superintendent form of government and provides public education to the residents of Morgan County, Utah.

Reporting Entity

In evaluating how to define the government, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in generally accepted accounting principles (GAAP). The basic - but not the only - criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial inter-dependency. Other manifestations of this ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application for this criterion involves considering whether the activity benefits the government and/or its citizens, or whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has one component unit.

The Education Foundation was established to raise scholarship funds and disburse those funds to recipients. Separate financial statements of the Education Foundation may be obtained at the District Office. The Foundation is presented as a special revenue fund in the financial statements.

During January of 2011, the Local Building Authority of Morgan County School District was organized. The Local Building Authority of the District (LBA) is a separate legal entity, but is governed by the school board of the District. The LBA is a component unit of the District. The purpose of the LBA is to serve the District as a financing agency for debt financed projects. During the year ended June 30, 2011, the LBA issued \$4 million of QSCB Lease Revenue Bonds to finance the completion of the new physical education facility and bus garage. Due to the restrictive nature of the State Board of Education's fund structure, a separate Local Building Authority Capital Projects Fund and Debt Service Fund have not been established. Therefore, the District has used its existing capital project and debt service funds to account for the construction and debt payments related to the LBA.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements

The *government-wide financial statements* (the statement of net position and the statement of activities) display information about the primary government. These statements include the financial activities of the overall government, except for fiduciary activities and any component units that are fiduciary in nature, where applicable. 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 is 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 item.

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. 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 under the heading "Other Governmental Funds."

The District reports the following major governmental funds:

- The *General Fund* is the general operating fund of the District and accounts for all revenues and expenditures of the District not encompassed within other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.
- The *Debt Service Fund* is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.
- The *Capital Fund* is used to account for all resources for the acquisition or construction of capital facilities by the District.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 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 health care benefits, arbitrage rebates, 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. All annual appropriations lapse at fiscal year-end with the exception of those indicated as a fund balance reserve. Budgets are adopted on a basis consistent with generally accepted accounting principles. The following procedures are used in establishing the budgetary data reflected in the financial statements.

- During May 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 patrons of the District.
- If the District does not exceed the certified tax rate, a public hearing is held prior to June 22, 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 rates.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- 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.

Cash and Investments

The cash balance 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 District's investments are reported at fair value in accordance with GASB Statement No. 72 Fair Value Management and Application. The Utah Public Treasurers' Investment Fund operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares. 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.

The District considers cash and cash equivalents in the 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 Fund (PTIF).

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). The government records all property taxes and other revenues collected within sixty days of year-end as revenue in the fund financial statements. All property taxes and other revenues earned within the fiscal year, but not received after the 60-day period, are accrued in the government-wide statements.

Inventories

Inventories held by the Food Service Fund are stated at cost. Federal commodity inventory is valued at fair market value as determined by the United States Department of Agriculture price lists. Commodities used during the year are reported as revenues and expenditures in the fund financial statements. When both commodities and food purchases are available, commodities are used first. The consumption method of accounting is applied to all inventories.

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, water stock, and furniture and equipment and \$100,000 for buildings and improvements with 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 assets lives are not capitalized.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is 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 and improvements	50
Buses	10
Musical instruments	10
Furniture	10
Office equipment	10
Vehicles	10
Computer equipment	5

Compensated Absences

Under terms of association agreements, all regular full and half time employees earn sick leave, and 12 month employees accrue vacation days in amounts varying with tenure classification. Sick leave is accumulated with no maximums. Upon retirement or disability, 25% of a maximum of 180 accumulated sick days will be paid at a percentage of employees' daily rate.

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

Post-Employment Benefits

The District's employees who meet certain requirements can retire under an early retirement program. This program provides for stipends and health insurance coverage for the retiree. Health insurance coverage for the retiree is typically for a maximum of four years or until the retiree becomes eligible to receive full social security benefits. Stipends are available for retirees through age 62 and are based upon the difference in the contract to replace the retiree and the retiree's contract. Expenditures are recorded in the General fund when paid. The amount estimated by management of the future benefit obligations of the District is recorded as a liability in the government-wide financial statements in the statement of net position.

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable statement of net position. Bond premiums 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 premiums.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the fund financial statements, governmental fund types recognize bond premiums, as well as bond issuance costs, during the period issued. The face amount of debt issued is reported as other financing sources. Premiums and 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 related to pensions, 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 assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has the following sources that qualify for reporting in this category; these items are reported in the statement of net position.

- Deferred charge on refunding – results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- 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, 2016.

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 items arise only under a modified accrual basis of accounting and are reported in the governmental funds balance sheet; these items are deferred and recognized as an inflow of resources in the period that the amounts becomes available.

- Unavailable property tax revenue – consists of uncollected, delinquent property taxes.
- Deferred inflow of resources related to pensions – includes (a) differences between expected and actual experience (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.

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.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

In the fund financial statements, governmental funds report fund balances divided into five categories as follows:

Nonspendable fund balance classification includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact.

Restricted fund balance classifications are restricted by external creditors, grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance classification includes those funds that can only be used for specific purposes pursuant to constraints imposed by formal action of the Board and remain binding unless removed in the same manner.

Assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed, as established by the Board.

Unassigned fund balance classification is the residual classification for the General Fund. When faced with a choice, the District elects to use restricted, committed, and assigned amounts before spending unassigned amounts.

Property Taxes

Real property taxes are collected by the County Treasurer and remitted to the District after collection. Taxes are due and payable on November 30th of each year. The tax levy is established by June 15th with a lien date of January 1st.

The certified tax rates and property tax allocation for property taxes collected during the year ended June 30, 2025, are as follows:

Basic school levy	0.001408
Board approved leeway	0.002033
Charter school levy	0.000014
General obligation bond	0.001794
Capital outlay	<u>0.001521</u>
Total	0.006770

Date of Management's Review

Management has evaluated subsequent events through November 2, 2025, the date which the financial statements were available to be issued.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 DEPOSITS AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. Interest is allocated on the basis of the amount contributed to the cash pool by each fund for specific time periods. Cash includes amounts in demand deposits as well as time deposits. Investments are stated at cost of amortized cost, which approximates fair value. Each portion of this pool is displayed as "Cash and Investments" which also includes cash accounts that are separately held by some of the District's funds. Deposits are not collateralized nor are they required to be by State statute.

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

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 does not have a formal deposit policy for custodial credit risk. At June 30, 2025, the carrying amount of the District's deposits was \$484,117 and the bank balance was \$1,593,510. Of the amount on deposit at year end \$250,000 is covered by federal deposit insurance, the remainder is uninsured and uncollateralized.

Investments

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

Statutes authorize the District to invest in negotiable or nonnegotiable deposits of qualified depositories and permitted negotiable depositories; repurchase and reverse repurchase agreements; commercial paper that is classified as "first tier" by two nationally recognized statistical rating organizations, one of which must be Moody's Investors Services or Standard & Poor's; bankers' acceptances' obligations of the United States Treasury including bills, notes, and bonds; bonds, notes and other evidence of indebtedness of political subdivision of the State; fixed rate corporate obligations and variable rate securities rated "A" or higher, or the equivalent of "a" or higher, by two nationally recognized statistical rating organizations; shares or certificates in a money market mutual fund as defined in the Act; and the Utah State Public Treasurers' Investment Fund (PTIF).

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act, Section 51-7, *Utah code Annotated, 1953*, as amended. The Act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF and details the types of authorized investments. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

The PTIF operates and reports to participants on an amortized cost basis. The income, gains and losses -net of administration fees, of the PTIF are allocated based upon the participant's average daily balance. The degree of risk of the PTIF depends upon the underlying portfolio, which primarily consists of money market securities including certificates of deposits and top-rated domestic commercial paper held by the Utah State Treasurer. The portfolio has a weighted average life of 90 days or less and is not rated. The fair value of the PTIF Investment pool is approximately equal to the value of the pool shares.

Components of cash and investments (including interest earning deposits) at June 30, 2025, are as follows:

	Bank/Fair Value
Cash and investments:	
Cash on deposit	\$ 484,117
Zions investment account	10,159,868
PTIF Investment	19,830,343
Total cash and investments	\$ 30,474,328

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.

Interest rate risk- Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District manages its exposure to declines in fair value by investing mainly in the Utah Public Treasurers' Investment Fund and by adhering to the Money Management Act which can be accessed at the District's discretion.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

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

Investments by fair value level	6/30/2025	Fair Value Measurements Using		
		Level 1	Level 2	Level 3
Debt Securities				
Utah Public Treasurers'				
Investment Fund	\$ 19,830,343		\$ 19,830,343	
Zions Investment Account				
Utah Public Treasurers'				
Investment Fund	10,159,868		10,159,868	
Totals	<u>\$ 29,990,211</u>	<u>\$ -</u>	<u>\$ 29,990,211</u>	<u>\$ -</u>

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

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing this risk of loss is to comply with the Rules of the Money Management Council. Rule 17 of the Money Management council limits investments in a single issuer of commercial paper and corporate obligations to 5-10% depending upon the total dollar held in the portfolio. The District's investment in the Utah Public Treasurers' Investment Fund has no concentration of credit risk.

Custodial credit risk (investments) - For an investment, this 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. The District does not have a formal policy for custodial credit risk. The District's investment in the Utah Public Treasurers' Investment Fund has no custodial credit risk.

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.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 2 DEPOSITS AND INVESTMENTS (Continued)

As of June 30, 2025 the District's investments had the following maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-5	6-10	More Than 10
Utah Public Treasurers'					
Investment Fund	\$ 29,990,211	29,990,211			
Totals	<u>\$ 29,990,211</u>	<u>\$ 29,990,211</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

NOTE 3 ACCOUNTS RECEIVABLE

The property tax revenue of the District is collected and distributed by the Morgan 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 deferral discount rate plus 6%; the interest period is from January 1 until date paid.

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. All receivables are expected to be collected within one year.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 3 ACCOUNTS RECEIVABLE (Continued)

The receivables as of June 30, 2025, including the applicable allowances for uncollectible accounts, are as follows:

Receivables:	General	Debt Service	Capital Projects	Food Service	Tax Increment Fund	Total
Local Sources						
Property taxes	\$ 10,800,026	\$ 4,689,764	\$ 4,712,261	\$ -	\$ 295,897	\$20,497,948
Other	924,920	-	-	-	-	924,920
State	-	-	-	-	-	-
Federal	6,008	-	-	98,372	-	104,380
Gross receivables	11,730,954	4,689,764	4,712,261	98,372	295,897	21,527,248
Less: Allowance for uncollectable	-	-	-	-	-	-
Net total receivables	<u>\$ 11,730,954</u>	<u>\$ 4,689,764</u>	<u>\$ 4,712,261</u>	<u>\$ 98,372</u>	<u>\$ 295,897</u>	<u>\$21,527,248</u>

The remainder of this page is intentionally left blank

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated				
Land	\$ 4,233,515	\$ -	\$ -	\$ 4,233,515
Construction in progress	678,334	6,564,373	(2,118,924)	5,123,783
Total capital assets, not being depreciated	4,911,849	6,564,373	(2,118,924)	9,357,298
Capital assets, being depreciated:				
Buildings and improvements	101,757,886	2,505,911	-	104,263,797
Furniture and equipment	10,522,779	2,760,276	(555,530)	12,727,525
Total capital assets, being depreciated	112,280,665	5,266,187	(555,530)	116,991,322
Accumulated depreciation for:				
Buildings and improvements	(26,899,157)	(2,833,410)	-	(29,732,567)
Furniture and equipment	(6,651,348)	(1,314,231)	526,676	(7,438,903)
Total accumulated depreciation	(33,550,505)	(4,147,641)	526,676	(37,171,470)
Total capital assets, being depreciated, net	78,730,160	1,118,546	(28,854)	79,819,852
Governmental activities capital assets, net	<u>\$ 83,642,009</u>	<u>\$ 7,682,919</u>	<u>\$ (2,147,778)</u>	<u>\$ 89,177,150</u>

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

Governmental activities:	
Instructional services	\$ 3,205,781
Supporting services:	
School administration	140,755
Operation and maintenance of facilities	482,344
Transportation	297,410
School food service	21,351
Total depreciation expense, governmental activities	<u>\$ 4,147,641</u>

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 5 DEFERRED INFLOWS OF RESOURCES/UNEARNED REVENUES

In conjunction with GASB pronouncement 33 "Accounting and Financial Reporting for Nonexchange Transactions" the District has accrued a property tax receivable and deferred inflow of resources in the following funds as of June 30, 2025:

Type	Unavailable	Unearned
Property Tax Receivable - General Fund	\$ 10,525,006	\$ -
Property Tax Receivable - Capital Projects Fund	4,592,202	-
Property Tax Receivable - Debt Service Fund	4,548,156	-
Property Tax Receivable - Tax Increment Fund	295,897	-
Total deferred/unearned revenue for govtl funds	<u>\$ 19,961,261</u>	<u>\$ -</u>

Property taxes recorded in the governmental funds are recorded using the modified accrual basis of accounting, wherein revenues are recognized when they are both measurable and available (expected to be received within 60 days). Property taxes attach as an enforceable lien on property as of the first day of January. Taxes are levied on October 1st and then are due and payable on November 30th. Since the property tax levied on October 1st is not expected to be received within 60 days after year end, the District is required to record a receivable and deferred revenue of the estimated amount of the total property tax to be levied on October 1st.

NOTE 6 LONG-TERM LIABILITIES

The following is a summary of changes in long-term debt for the year ended June 30, 2025:

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds payable:					
General obligation bonds	\$ 51,240,000	\$ -	\$ (2,505,000)	\$ 48,735,000	\$ 2,640,000
Premium on bonds	2,351,447	-	(358,058)	1,993,389	358,058
QSCB bonds	286,000		(286,000)	-	-
Total bonds payable, net	53,877,447	-	(3,149,058)	50,728,389	2,998,058
Lease Payable	-	3,767,121	-	3,767,121	633,625
Net Pension obligation	7,813,319	(2,444,520)	3,880,528	9,249,327	-
Compensated absences payable	607,139	67,739	-	674,878	-
Post employment obligation	1,011,866	240,860	-	1,252,726	-
Total governmental activity long-term liabilities	<u>\$ 63,309,771</u>	<u>\$ 1,631,200</u>	<u>\$ 731,470</u>	<u>\$ 65,672,441</u>	<u>\$ 3,631,683</u>

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 LONG-TERM LIABILITIES (Continued)

Zions Bank Lease-Leaseback Note

In October 2024 the District entered into a lease agreement with Zions Bank in the amount of \$5,000,000 to fund construction on certain projects in the District. As of June 30, 2025 the District had drawn down \$3,767,121 of the funds available. The note carries an interest rate of 3.97% as is to be paid back over a seven-year period.

The annual debt service requirements to maturity are as follows:

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 633,625	\$ 198,500	\$ 832,125
2027	658,780	173,345	832,125
2028	684,933	147,192	832,125
2029	712,125	120,000	832,125
2030	740,396	91,728	832,124
2031	769,790	62,335	832,125
2032	800,351	31,773	832,124
Total	<u><u>\$ 5,000,000</u></u>	<u><u>\$ 824,873</u></u>	<u><u>\$ 5,824,873</u></u>

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 LONG-TERM LIABILITIES (Continued)

General Obligation Refunding Bonds Series 2015

During the fiscal year 2015 the District issued general obligation refunding bonds to partially refund the General Obligation Bonds Series 2007. These refunding bonds carry an interest rate of 5.50%. The bonds are serviced through the debt service fund which is funded by property tax collections. Interest payments are due in February of each year with principal and interest due in August of each year.

The annual debt service requirements to maturity are as follows:

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,840,000	\$ 142,000	\$ 1,982,000
2027	1,920,000	48,000	1,968,000
Total	<u>\$ 3,760,000</u>	<u>\$ 190,000</u>	<u>\$ 3,950,000</u>

General Obligation Series 2018

During the fiscal year 2018 the District issued general obligation bonds for construction of school sites. These bonds carry an interest rate of 3.00% to 5.00%. The bonds are serviced through the debt service fund which is funded by property tax collections. Interest payments are due in February of each year with principal and interest due in August of each year.

The annual debt service requirements to maturity are as follow:

<u>Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 800,000	\$ 1,682,812	\$ 2,482,812
2027	850,000	1,602,812	2,452,812
2028	2,925,000	1,644,062	4,569,062
2029	3,075,000	1,508,437	4,583,437
2030	3,200,000	1,233,562	4,433,562
2031-2035	17,600,000	4,569,810	22,169,810
2036-2040	16,525,000	1,194,031	17,719,031
Total	<u>\$ 44,975,000</u>	<u>\$ 13,435,526</u>	<u>\$ 58,410,526</u>

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 6 LONG-TERM LIABILITIES (Continued)

Post Employment Benefits other than Pensions and Deferred Compensation Plans. The District provides post employment benefits other than pensions and deferred compensation plans in the form of early retirement. Early retirement may be applied for and is available to employees who obtain administrative approval and qualify based on the eligibility requirements. As a result, the costs associated with early retirement are accounted for as termination benefits. The early retirement obligation is not covered as part of the District's pension plans.

NOTE 7 STATE RETIREMENT PLANS AND OPEB 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) is a multiple employer, cost sharing, public employee retirement system.
- Tier 2 Public Employees Contributory Retirement System (Tier 2 Public Employees System) is a multiple employer cost sharing public employee retirement system.

Defined Contribution Plans (individual account plans):

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

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

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

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

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

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 1.5% to 2.0% 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 2.5% or % limited to 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.

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.

	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 2 Contributory System **	9.25%	9.24%	0.70%	1.03%	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.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

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

	<u>District Contributions *</u>	<u>Employee Contributions</u>
Tier 1 Noncontributory System	\$ 2,012,310	\$ -
Tier 2 Contributory System	1,648,029	50,308
Tier 2 DC Public Employees Plan	225,395	-

* 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.

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

At June 30, 2025, the District reported a net pension asset of \$0 and a net pension liability of \$9,249,327.

	<u>Net Pension Asset</u>	<u>Net Pension Liability</u>
Tier 1 Noncontributory System	\$ -	\$ 8,404,106
Tier 2 Contributory System	-	845,221
Total	<u>\$ -</u>	<u>\$ 9,249,327</u>

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:

	<u>Proportionate Share 2024</u>	<u>Change</u>
Tier 1 Noncontributory System	0.3715144%	0.0163128%
Tier 2 Contributory System	0.2834039%	0.0083866%

For the year ended June 30, 2025, the District recognized pension expense of \$4,643,170.

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PALNS (Continued)

At June 30, 2025, the District reported deferred outflows of resources and deferred inflows and outflows of resources related to defined benefit pension plans from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,419,447	\$ 5,823
Changes of assumptions	573,288	87
Net difference between projected and actual earnings on pension plan investments	1,322,728	-
Changes in proportion and differences between District contributions and proportionate share of contributions	269,658	10,958
District contributions subsequent to the measurement date	1,944,756	-
Total	<u>\$ 6,529,877</u>	<u>\$ 16,868</u>

The \$1,944,755 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date of December 31, 2024 will be recognized as a reduction of the net pension liability (asset) in the year ending June 30, 2025. 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:

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 2,034,267
2026	2,554,036
2027	(434,360)
2028	(9,663)
2029	189,135
Thereafter	(234,838)

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

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

For the year ended June 30, 2025, we recognized pension expense of \$3,720,318

As of June 30, 2025 we reported deferred outflows on resources and deferred inflows of resources relating to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,054,081	\$ -
Changes of assumptions	290,995	-
Net difference between projected and actual earnings on pension plan investments	1,268,706	-
Changes in proportion and differences between District contributions and proportionate share of contributions	138,276	-
District contributions subsequent to the measurement date	1,001,800	-
Total	<u>\$ 4,753,858</u>	<u>\$ -</u>

\$1,0001,800 reported as deferred outflow of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date as of December 31, 2024.

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

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 1,937,112
2026	1,403,756
2027	(499,206)
2028	(89,635)
2029	-
Thereafter	-

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

For the year ended June 30, 2025, we recognized pension expense of \$922,852.

As of June 30, 2025 we reported deferred outflows on resources and deferred inflows of resources relating to pensions from the following sources:

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 365,396	\$ 5,823
Changes of assumptions	282,293	87
Net difference between projected and actual earnings on pension plan investments	54,023	-
Changes in proportion and differences between District contributions and proportionate share of contributions	131,382	10,658
District contributions subsequent to the measurement date	942,954	-
Total	<u>\$ 1,776,048</u>	<u>\$ 16,568</u>

\$942,954 reported as deferred outflow of resources related to pensions results from contributions made by us prior to our fiscal year end, but subsequent to the measurement date as of December 31, 2024.

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

Year Ending June 30,	Deferred Outflows (Inflows) of Resources
2025	\$ 97,155
2026	150,280
2027	64,846
2028	79,972
2029	189,135
Thereafter	234,838

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	3.50% to 9.5%, average, including inflation
Investment rate of return	6.85%, net of pension plan investment expense, including inflation

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

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

The actuarial assumptions used in the January 1, 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:

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	100%		5.80%
Inflation			2.50%
Expected arithmetic nominal return			8.30%

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

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 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 does not use the Municipal Bond Index Rate. The discount rate remained unchanged at 6.95 percent.

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	\$ 21,550,460	\$ 8,404,106	\$ (2,627,598)
Tier 2 Contributory System	2,524,470	845,221	(461,069)
Total	<u>\$ 24,074,930</u>	<u>\$ 9,249,327</u>	<u>\$ (3,088,667)</u>

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

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

Defined Contribution Savings Plans

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

Morgan School District participates in the following Defined Contributions Savings Plans with Utah State Retirement Systems:

- *401(k) Plan
- *457(b) Plan
- *Roth 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	\$ 766,169	\$ 430,386	\$ 344,917
Employee Contributions	\$ 357,969	\$ 275,031	\$ 211,542
457 Plan			
Employer Contributions	\$ -	\$ -	\$ -
Employee Contributions	\$ 58,291	\$ 51,605	\$ 42,899
Roth IRA Plan			
Employer Contributions	n/a	n/a	n/a
Employee Contributions	\$ 58,785	\$ 60,295	\$ 40,849

Other Post-Employment Benefit (OPEB) Plan

Funding policy

The District currently pays for postemployment benefits on a “pay-as-you-go” basis. These financial statements assume that “pay-as-you-go” funding will continue.

Employees Covered by Benefit Terms

At June 30, 2025 the following employees were covered by the benefit terms:

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

Employees Covered by Benefit Terms

Active Employess	147
Inactive Employees (Retired Participants)	<u>0</u>
Total	<u><u>147</u></u>

Total OPEB Liability

Service Cost	\$ 23,496
Interest	5,475
Effect of economic/demographic changes	(28,971)
Effect of assumptions changes or inputs	22,369
Benefit payments	<u>-</u>
Net change in total OPEB liability	22,369
Total OPEB Liability June 30, 2021	<u>224,265</u>
Total OPEB Liability June 30, 2021	<u><u>246,634</u></u>

Plan Fiduciary Net Position

Contributions - employer	-
Benefit payments	<u>-</u>
Net change in fiduciary net position	-
Plan fiduciary net position June 30, 2020	<u>-</u>
Plan fiduciary net position June 30, 2021	<u>-</u>

Net OPEB Liability June 30, 2021	<u><u>\$ 246,634</u></u>
----------------------------------	--------------------------

Plan fiduciary net position as a percentage of total OPEB liability	0%
Covered employee payroll	\$ 10,110,633
Total OPEB liability as a percentage of covered employee Payroll	2.44%

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

OPEB Expense

The following presents the OPEB plan expenses for the year ended June 30, 2025:

Service Cost	\$ 23,496
Interest	<u>5,475</u>
	<u>28,971</u>

Current Period recognition of deferred outflows/inflows of resources

Difference between expected and actual experience	-
Change in assumptions	<u>-</u>
Total Current Period recognition	<u>\$ -</u>

Total OPEB expense	<u><u>\$ 28,971</u></u>
--------------------	-------------------------

Discount Rate June 30, 2021	2.21%
Discount Rate June 30, 2025	5.20%

Deferred Outflows/(Inflows) of Resources

The deferred Outflows/ inflows of resources represents the following items that have not been recognized in the OPEB expense including differences between expected actual experience of the OPEB plan, changes in assumptions, and differences between projected and actual earnings in the OPEB plan investments. The initial amortization period for the first two items noted above is based on expected future service lives. While the difference between the projected and actual earnings in the OPEB plan investments is amortized over five years. All balances are amortized on a principal only basis. As of June 30, 2025, the deferred Outflow / Inflow is as follows:

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ (25,438)	\$ -
Changes in assumptions	(95)	19,641
Contributions subsequent to the measurement date	<u>-</u>	<u>-</u>
Total	<u><u>\$ (25,533)</u></u>	<u><u>\$ 19,641</u></u>

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

The balance as of June 30, 2025 of the deferred outflows/inflows of resources will be recognized in the OPEB expense in the future fiscal years as noted below.

<u>Fiscal Year</u>	<u>Balance</u>
2026	\$ (812)
2027	(812)
2028	(812)
2029	(812)
2030	(812)
Thereafter	(1,832)

Sensitivity of the Total OPEB Obligation to Changes in Discount Rate

The following presents the District's total OPEB obligation using the discount rate of 5.20% as well as what the District's total OPEB obligation would be if it were calculated using a discount rate is 1% lower (4.20%) or 1% higher (6.20%) then the current discount rate.

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB obligation	\$ 262,404	\$ 246,634	\$ 230,844

Actuarial Methods and Assumptions

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress above presents the results of OPEB valuations as of June 30, 2025 and looking forward, the schedule will eventually provide multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

The total OPEB obligation in the June 30, 2025 actuarial valuation was determined by using the following actuarial assumptions and other methods applied to all periods including in the measurement, unless otherwise specified:

Inflation	2.30%
Discount rate	5.20%

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

The discount rate was based on a yield for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher (or equivalent on another rating scale).

Mortality rates were based on RPH-2017 Total Dataset Mortality Table fully generational using scale MP-2017.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations

Early Retirement Plan

Funding policy

The District currently pays for postemployment benefits on a “pay-as-you-go” basis. These financial statements assume that “pay-as-you-go” funding will continue.

Employees Covered by Benefit Terms

At June 30, 2025 the following employees were covered by the benefit terms:

Employees Covered by Benefit Terms

Active Emploeyss	150
Retirees	<u>2</u>
Total	<u><u>152</u></u>

Total Retirement Liability

The District’s total retirement liability of \$787,601 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date. The District has set aside resources for the liability by committing a portion of the fund balance of the General Fund.

Actuarial Assumptions and Other Inputs

The total retirement liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Inflation	2.30%
Discount rate	5.20%

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

The discount rate was based on a yield or index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Demographic and other assumptions include a) retirement rates based on the rates used for employees with required age and service to retire under the Utah State Retirement System and b) employee termination rates based on termination rates used in the actuarial valuation of the Utah State Retirement System. Individual severance benefits nor any termination liability for COBRA are not included in this valuation.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of actuarial experience study for the year then ended.

Changes in Total Retirement Liability

The following present the retirement liability activity for the year ended June 30, 2025:

Total Retirement Liability

Service Cost	\$ 55,554
Interest	18,023
Changes in assumptions	218,491
Effect of economic/demographic (gains) or losses	(55,982)
Benefit payments	<u>(17,595)</u>
Net change in total retirement liability	218,491
Total Retirement Liability June 30, 2021	<u>787,601</u>
Total Retirement Liability June 30, 2025	<u>1,006,092</u>

Plan Fiduciary Net Position

Contributions - employer	17,595
Benefit payments	<u>(17,595)</u>
Net change in fiduciary net position	-
Plan fiduciary net position June 30, 2021	<u>-</u>
Plan fiduciary net position June 30, 2025	<u>-</u>

Net Retirement Liability June 30, 2025	<u><u>\$ 1,006,092</u></u>
--	----------------------------

Plan fiduciary net position as a percentage of total retirement liability	0%
Covered employee payroll	\$ 10,396,413
Total retirement liability as a percentage of covered employee Payroll	9.68%

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 7 STATE RETIREMENT PLANS AND OPEB PLANS (Continued)

Sensitivity of the Total Retirement Obligation to Changes in Discount Rate

The following presents the District's total retirement obligation using the discount rate of 5.20% as well as what the District's total retirement obligation would be if it were calculated using a discount rate is 1% lower (4.20%) or 1% higher (6.20%) than the current discount rate.

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total retirement obligation	\$ 1,083,227	\$ 1,006,092	\$ 931,778

Retirement Expense and Deferred Outflows/(Inflows) of Resources

The deferred Outflows/ inflows of resources represents the following items that have not been recognized in the retirement expense including differences between expected actual experience of the retirement plan, changes in assumptions, and differences between projected and actual earnings in the retirement plan investments. The initial amortization period for the first two items noted above is based on expected future service lives. While the difference between the projected and actual earnings in the retirement plan investments is amortized over five years. All balances are amortized on a principal only basis.

	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ (50,384)	\$ -
Changes in assumptions or inputs	(287)	196,642
Total	<u>\$ (50,671)</u>	<u>\$ 196,642</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources will be recognized as expense as follows:

<u>Fiscal Year</u>	<u>Balance</u>
2026	\$ 16,231
2027	16,231
2028	16,231
2029	16,231
2030	16,231
Thereafter	64,816

MORGAN COUNTY SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 8 RISK MANAGEMENT

The District is exposed to various risks of loss related torts; theft of; damage to, or destruction of assets; errors and omissions; natural disasters; employee health claims and worker's compensation. The District purchases general and automobile liability insurance. There have been no significant reductions in insurance coverage for any risk of loss in the past year and settled claims have not exceeded the coverage in any of the past three fiscal ears.

NOTE 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.

NOTE 10 CHANGE IN ACCOUNTING PRINCIPLE-COMPENSATED ABSENCES GASB 101

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 statement 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 \$260,997.

REQUIRED SUPPLEMENTARY INFORMATION

MORGAN COUNTY 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)	0.3715144%	0.3552016%	0.3376139%	0.3287518%	0.3136443%	0.2939353%	0.2559761%	0.2415605%	0.2361861%	0.2367505%
District's proportionate share of the net pension liability (asset)	\$ 8,404,106	\$ 7,278,031	\$ 7,290,013	\$ (2,246,178)	\$ 4,181,261	\$ 6,530,366	\$ 9,523,635	\$ 5,907,029	\$ 7,654,595	\$ 7,437,011
District's covered-employee payroll	\$ 9,479,920	\$ 8,764,527	\$ 8,268,837	\$ 7,976,033	\$ 7,421,570	\$ 6,893,299	\$ 6,470,768	\$ 6,115,122	\$ 6,208,459	\$ 6,333,443
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	88.7%	83.0%	88.2%	-28.2%	56.3%	94.7%	147.2%	96.6%	123.3%	117.4%
Plan fiduciary net position as a percentage of the total pension liability	92.1%	92.5%	91.6%	102.7%	94.3%	90.1%	84.1%	89.2%	84.9%	84.5%
Tier 2 Contributory System:										
District's proportion of the net pension liability (asset)	0.2834039%	0.2750173%	0.2520428%	0.2544809%	0.2556142%	0.2409222%	0.2289657%	0.2114640%	0.1774810%	0.1497234%
District's proportionate share of the net pension liability (asset)	\$ 845,221	\$ 535,288	\$ 274,448	\$ (107,706)	\$ 36,764	\$ 54,185	\$ 98,061	\$ 18,644	\$ 19,798	\$ (327)
District's covered-employee payroll	\$ 8,422,104	\$ 7,110,157	\$ 5,532,797	\$ 4,748,339	\$ 4,095,799	\$ 3,354,250	\$ 2,691,440	\$ 2,076,721	\$ 1,455,489	\$ 966,926
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%

MORGAN COUNTY SCHOOL DISTRICT
Schedules of District Contributions
Utah Retirement Systems
Last Ten Reporting Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Tier 1 Noncontributory System:										
Contractually required contribution	\$ 2,012,310	\$ 2,046,704	\$ 1,836,145	\$ 1,766,328	\$ 1,684,138	\$ 1,600,765	\$ 1,447,283	\$ 1,392,837	\$ 1,341,638	\$ 1,382,291
Contributions in relation to the contractually required contribution	<u>(2,012,310)</u>	<u>(2,046,704)</u>	<u>(1,836,145)</u>	<u>(1,766,328)</u>	<u>(1,684,138)</u>	<u>(1,600,765)</u>	<u>(1,447,283)</u>	<u>(1,392,837)</u>	<u>(1,341,638)</u>	<u>(1,382,291)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 9,372,375	\$ 9,347,174	\$ 8,400,486	\$ 8,090,272	\$ 7,389,866	\$ 7,292,562	\$ 6,587,369	\$ 6,335,548	\$ 6,082,480	\$ 6,281,443
Contributions as a percentage of covered-employee payroll	21.47%	21.90%	21.86%	21.83%	22.79%	21.95%	21.97%	21.98%	22.06%	22.01%
Tier 1 Contributory System:										
Contractually required contribution	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 508
Contributions in relation to the contractually required contribution	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(508)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,357
Contributions as a percentage of covered-employee payroll	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	21.6%
Tier 2 Contributory System:										
Contractually required contribution	\$ 1,648,029	\$ 1,622,606	\$ 1,220,935	\$ 951,784	\$ 864,281	\$ 713,160	\$ 564,722	\$ 435,397	\$ 332,279	\$ 209,677
Contributions in relation to the contractually required contribution	<u>(1,648,029)</u>	<u>(1,622,606)</u>	<u>(1,220,935)</u>	<u>(951,784)</u>	<u>(864,281)</u>	<u>(713,160)</u>	<u>(564,722)</u>	<u>(435,397)</u>	<u>(332,279)</u>	<u>(209,677)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 8,416,969	\$ 8,180,817	\$ 6,172,534	\$ 4,916,841	\$ 4,522,580	\$ 2,758,582	\$ 3,001,752	\$ 2,364,496	\$ 1,820,682	\$ 1,149,321
Contributions as a percentage of covered-employee payroll	19.6%	19.8%	19.8%	19.4%	19.1%	25.9%	18.8%	18.4%	18.3%	18.2%
Tier 2 DC Public Employee System:										
Contractually required contribution	\$ 225,395	\$ 194,345	\$ 131,028	\$ 97,714	\$ 83,305	\$ 70,613	\$ 61,059	\$ 41,749	\$ 30,858	\$ 36,147
Contributions in relation to the contractually required contribution	<u>(225,395)</u>	<u>(194,345)</u>	<u>(131,028)</u>	<u>(97,714)</u>	<u>(83,305)</u>	<u>(70,613)</u>	<u>(61,059)</u>	<u>(41,749)</u>	<u>(30,858)</u>	<u>(36,147)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	\$ 2,335,187	\$ 1,925,638	\$ 1,296,085	\$ 969,060	\$ 831,389	\$ 704,726	\$ 605,020	\$ 416,627	\$ 307,965	\$ 360,614
Contributions as a percentage of covered-employee payroll	9.7%	10.1%	10.1%	10.1%	10.0%	10.0%	10.1%	10.0%	10.0%	10.0%

MORGAN COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's Total OPEB Obligation and Related Ratios
Last Plan Year

	<u>2025</u>	<u>2021</u>	<u>2020</u>
OPEB Liability			
Service Cost	\$ 23,496	\$ 26,379	\$ 25,549
Interest	5,475	5,755	5,952
Changes in assumptions	22,369	(130)	-
Differences between expected and actual experiences	(28,971)	-	-
Benefit payments	-	(83,013)	-
Net change in total OPEB liability	22,369	(51,009)	31,501
Total OPEB Liability Beginning	224,265	275,274	243,773
Total OPEB Liability Ending	<u>246,634</u>	<u>224,265</u>	<u>275,274</u>
 Plan Fiduciary Net Position			
Contributions - employer	-	-	-
Benefit payments	-	-	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position Beginning	-	-	-
Plan fiduciary net position Ending	-	-	-
 Net OPEB Liability Ending	<u>\$ 246,634</u>	<u>\$ 224,265</u>	<u>\$ 275,274</u>
 Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
Covered employee payroll	\$ 10,110,633	\$ 10,561,568	\$ 10,561,568
Total OPEB liability as a percentage of covered employee Payroll	2.44%	2.12%	2.61%

This schedule is intended to show information for ten years; prior-year information is not available. Additional information will be displayed as it becomes available.

MORGAN COUNTY SCHOOL DISTRICT
Required Supplementary Information
Schedule of Changes in the District's Retirement Liability and Related Ratios
Last Plan Year

	<u>2025</u>	<u>2021</u>	<u>2020</u>
Retirement Liability			
Service Cost	\$ 55,554	\$ 62,402	\$ 60,438
Interest	18,023	17,114	15,472
Changes in assumptions	218,491	(387)	-
Effect of economic/demographic (gains) or losses	(55,982)	-	-
Benefit payments	(17,595)	(7,059)	-
Net change in total OPEB liability	218,491	72,070	75,910
Total Retirement Liability Beginning	787,601	715,531	639,621
Total Retirement Liability Ending	<u>1,006,092</u>	<u>787,601</u>	<u>715,531</u>
Plan Fiduciary Net Position			
Contributions - employer	17,595	7,059	-
Benefit payments	(17,595)	(7,059)	-
Net change in fiduciary net position	-	-	-
Plan fiduciary net position Beginning	-	-	-
Plan fiduciary net position Ending	<u>-</u>	<u>-</u>	<u>-</u>
Net Retirement Liability Ending	<u>\$ 1,006,092</u>	<u>\$ 787,601</u>	<u>\$ 715,531</u>
Plan fiduciary net position as a percentage of total retirement liability	0%	0%	0%
Covered employee payroll	\$ 10,396,413	\$10,561,568	\$10,561,568
Total retirement liability as a percentage of covered employee Payroll	9.68%	7.46%	6.77%

This schedule is intended to show information for ten years; prior year information is not available. Additional information will be displayed as it becomes available.

MORGAN COUNTY SCHOOL DISTRICT
Notes to Required Supplementary Information
JUNE 30, 2025

Note A. Changes in Assumptions-Utah Retirement Systems

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

Note B. Schedules of District Contributions-Utah Retirement Systems

Contributions as a percentage of covered-employee payroll may be different than the Utah State Retirement Board certified rate due to rounding or other administrative issues. 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.

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Food Service Fund – This fund is used to account for the food service activities of the District as required by state and federal law. Financing is provided by local sales along with substantial subsidies from the State of Utah and the U.S. Government to help ensure that students receive low-cost, nutritionally balanced meals.

Student Activity Fund – This fund is used to account for fees, revenues, and expenditures related to student activity funds at the school level.

Tax Increment Financing Fund – This fund is used to account for taxes assessed by the District but have been assigned to certain RDA's and CDA's, and Charter School Levy.

District Foundation Fund – This fund is used to account for revenues and expenditures for the Morgan School District Foundation.

MORGAN COUNTY SCHOOL DISTRICT
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Special Revenue				Total Nonmajor Governmental Funds
	Food Services	Student Activity Fund	Tax Increment Financing	District Foundation	
Assets:					
Cash and investments	\$ 56,252	\$ 1,027,697	\$ 116,788	\$ 1,066,530	\$ 2,267,267
Receivables:					
Property taxes	-	-	295,897	-	295,897
Other governments	98,372	-	-	-	98,372
Inventory	28,063	-	-	-	28,063
Due from other funds	-	-	-	-	-
Total assets	<u>\$ 182,687</u>	<u>\$ 1,027,697</u>	<u>\$ 412,685</u>	<u>\$ 1,066,530</u>	<u>\$ 2,689,599</u>
Liabilities:					
Accounts payable	\$ 3,062	\$ -	\$ -	\$ -	\$ 3,062
Deferred revenue:					
Other governments	-	-	-	-	-
Local sources	-	-	-	-	-
Total liabilities	<u>3,062</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,062</u>
Deferred Inflows of Resources:					
Property taxes levied for future year			295,897	-	295,897
Fund balances:					
Nonspendable					
Inventories	28,063	-	-	-	28,063
Restricted for:					
Food service	151,562	-	-	-	151,562
Assigned to:					
Foundation	-	-	-	1,066,530	1,066,530
Committed for:					
Non K-12 programs	-	-	-	-	-
Tax increment	-	-	116,788	-	116,788
Student activities	-	1,027,697	-	-	1,027,697
Total fund balances	<u>179,625</u>	<u>1,027,697</u>	<u>116,788</u>	<u>1,066,530</u>	<u>2,390,640</u>
Total liabilities and fund balances	<u>\$ 182,687</u>	<u>\$ 1,027,697</u>	<u>\$ 412,685</u>	<u>\$ 1,066,530</u>	<u>\$ 2,689,599</u>

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

	Special Revenue				Total Nonmajor Governmental Funds
	School Lunch	Student Activity Fund	Tax Increment Financing	District Foundation	
Revenues:					
Property tax	\$ -	\$ -	\$ 226,631	\$ -	\$ 226,631
Fees	-	1,704,877	-	-	1,704,877
Lunch sales	760,127	-	-	-	760,127
Earnings on investments	-	-	-	46,215	46,215
Other local revenues	-	1,142	-	272,690	273,832
State aid	328,375	-	-	-	328,375
Federal aid	430,435	-	-	-	430,435
Total revenues	1,518,937	1,706,019	226,631	318,905	3,770,492
Expenditures:					
Current:					
Instructional services	-	1,546,745		127,996	1,674,741
Supporting services:					
Operation and maintenance of facilities	-	-	-	-	-
Community services	-	-	109,843	-	109,843
School lunch services	2,177,849	-	-	-	2,177,849
Total expenditures	2,177,849	1,546,745	109,843	127,996	3,962,433
Excess of revenues over expenditures	(658,912)	159,274	116,788	190,909	(191,941)
Other financing sources:					
Transfer in	450,000	-	-	-	450,000
Transfers out	-	-	-	-	-
Net change in fund balances	(208,912)	159,274	116,788	190,909	258,059
Fund balances - beginning	388,537	868,423	-	875,621	2,132,581
Fund balances - ending	\$ 179,625	\$ 1,027,697	\$ 116,788	\$ 1,066,530	\$ 2,390,640

MORGAN COUNTY 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 - students	\$ 713,000	\$ 693,265	\$ (19,735)	\$ 624,217
Lunch sales - adult	51,700	49,777	(1,923)	38,542
Other local sales	10,300	17,085	6,785	19,263
Total local sources	775,000	760,127	(14,873)	682,022
State sources:				
State lunch program	250,000	328,375	78,375	445,571
Total state sources	250,000	328,375	78,375	445,571
Federal sources:				
Child nutrition program	600,000	430,435	(169,565)	503,275
Other	-	-	-	-
Total federal sources	600,000	430,435	(169,565)	503,275
Total revenues	1,625,000	1,518,937	(106,063)	1,630,868
Expenditures:				
Current:				
Salaries	756,848	755,306	1,542	741,198
Employee benefits	333,056	326,533	6,523	301,624
Purchased services	31,950	30,943	1,007	31,950
Supplies	18,212	102,017	(83,805)	18,212
Food	773,156	767,182	5,974	806,154
Other	550,315	195,868	354,447	132,473
Total expenditures	2,463,537	2,177,849	285,688	2,031,611
Excess (deficiency) of revenues over expenditures	(838,537)	(658,912)	179,625	(400,743)
Other financing sources and (uses)				
Transfers in	450,000	450,000	-	-
Transfers out	-	-	-	-
Net change in fund balances	(388,537)	(208,912)		(400,743)
Fund balances - beginning	388,537	388,537	-	789,280
Fund balances - ending	\$ -	\$ 179,625	\$ 179,625	\$ 388,537

MORGAN COUNTY SCHOOL DISTRICT
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
Student Activity 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:				
Student fees	\$ 1,799,850	\$ 1,704,877	\$ (94,973)	\$ 1,585,005
Other local revenues	150	1,142	992	202
Total local sources	1,800,000	1,706,019	(93,981)	1,585,207
Total revenues	1,800,000	1,706,019	(93,981)	1,585,207
Expenditures:				
Current:				
Supplies and services	1,800,000	1,546,745	253,255	1,555,362
Total expenditures	1,800,000	1,546,745	253,255	1,555,362
Excess (deficiency) of revenues over (under) expenditures	-	159,274	159,274	29,845
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	-	159,274	159,274	29,845
Fund balances - beginning	868,423	868,423	-	838,578
Fund balances - ending	<u>\$ 868,423</u>	<u>\$ 1,027,697</u>	<u>\$ 159,274</u>	<u>\$ 868,423</u>

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

	2025			2024
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Property Taxes	\$ 226,631	\$ 226,631	\$ -	\$ 233,575
Other local revenues	-	-	-	-
Total local sources	<u>226,631</u>	<u>226,631</u>	<u>-</u>	<u>233,575</u>
Total revenues	<u>226,631</u>	<u>226,631</u>	<u>-</u>	<u>233,575</u>
Expenditures:				
Current:				
Community services	226,631	109,843	116,788	233,575
Other	-	-	-	-
Total expenditures	<u>226,631</u>	<u>109,843</u>	<u>116,788</u>	<u>233,575</u>
Excess (deficiency) of revenues over (under) expenditures	-	116,788	116,788	-
Other financing sources:				
Transfer in	-	-	-	-
Net change in fund balances	<u>-</u>	<u>116,788</u>	<u>116,788</u>	<u>-</u>
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ 116,788</u></u>	<u><u>\$ 116,788</u></u>	<u><u>\$ -</u></u>

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

	2025			2024
	<u>Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>	<u>Actual Amounts</u>
Revenues:				
Local sources:				
Earnings on investments	\$ 25,205	\$ 46,215	\$ 21,010	\$ 47,304
Other local revenues	<u>110,000</u>	<u>272,690</u>	<u>162,690</u>	<u>110,696</u>
Total revenues	<u>135,205</u>	<u>318,905</u>	<u>183,700</u>	<u>158,000</u>
Expenditures:				
Current:				
Grants and awards	133,000	115,850	17,150	119,202
Supplies, equipment, services	<u>7,900</u>	<u>12,146</u>	<u>(4,246)</u>	<u>21,260</u>
Total expenditures	<u>140,900</u>	<u>127,996</u>	<u>12,904</u>	<u>140,462</u>
Excess (deficiency) of revenues over (under) expenditures	(5,695)	190,909	196,604	17,538
Other financing sources:				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,695)	190,909	196,604	17,538
Fund balances - beginning	<u>875,621</u>	<u>875,621</u>	<u>-</u>	<u>858,083</u>
Fund balances - ending	<u><u>\$ 869,926</u></u>	<u><u>\$ 1,066,530</u></u>	<u><u>\$ 196,604</u></u>	<u><u>\$ 875,621</u></u>

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund services primary on-going operation of the District. It is used to account for activity and financial resources that are not required to be accounted for in other funds.

Debt Service Fund - The Debt Service Fund is used to account for the receipt of property taxes levied for retirement of general obligation debt. The expenditures are for principal retirement and for payment of interest and fees.

Capital Projects Fund - 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. Financing is provided by an annual property tax levy. Also, state funds can be obtained by qualifying under guidelines established for districts determined to be in critical need for construction building aid.

MORGAN COUNTY 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	\$ 4,545,862	\$ 5,249,529	\$ 703,667	\$ 5,140,162
Earnings on investments	1,200	184,274	183,074	33,851
Total revenues	4,547,062	5,433,803	886,741	5,174,013
Expenditures:				
Debt service:				
Bond principal	2,290,000	2,505,000	(215,000)	2,400,000
Bond interest and fees	2,154,562	1,914,664	239,898	2,037,313
Paying agent fees and other costs	2,500	3,493	(993)	3,485
Total expenditures	4,447,062	4,423,157	23,905	4,440,798
Excess (deficiency) of revenues over (under) expenditures	100,000	1,010,646	910,646	733,215
Other financing sources (uses):				
Transfers in (out)		(650,000)	(650,000)	(650,000)
Total other financing sources (uses)	-	(650,000)	(650,000)	(650,000)
Net change in fund balances	100,000	360,646	260,646	83,215
Fund balance - beginning	3,333,733	3,333,733	-	3,250,518
Fund balance - ending	<u>\$ 3,433,733</u>	<u>\$ 3,694,379</u>	<u>\$ 260,646</u>	<u>\$ 3,333,733</u>

MORGAN COUNTY 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	\$ 3,763,510	\$ 4,450,689	\$ 687,179	\$ 4,032,781
Earnings on investments	150,000	308,671	158,671	309,218
Federal interest subsidy	15,758	14,224	(1,534)	29,821
Other local revenues	-	-	-	23,443
Total local sources	3,929,268	4,773,584	844,316	4,395,263
Total revenues	3,929,268	4,773,584	844,316	4,395,263
Expenditures:				
Operation and maintenance of facilities:				
Salaries and Benefits	-	-	-	-
Supplies and services	14,000	16,326	(2,326)	10,294
Total instructional services	14,000	16,326	(2,326)	10,294
Capital outlay and debt service:				
Land and improvements	334,720	314,710	20,010	968,562
Building improvements	8,763,698	8,405,185	358,513	2,221,895
Equipment	476,139	397,205	78,934	24,133
Principal retirement	347,980	286,000	61,980	417,818
Interest	40,000	40,145	(145)	65,274
Other instructional equipment	32,250	57,990	(25,740)	220,431
Buses	150,000		150,000	294,990
Other	43,500	-	43,500	37,887
Total capital outlay and debt service	10,188,287	9,501,235	687,052	4,250,990
Total expenditures	10,202,287	9,517,561	684,726	4,261,284
Excess (deficiency) of revenues over (under) expenditures	(6,273,019)	(4,743,977)	1,529,042	133,979
Other Financing Sources (Uses):				
Transfers	-	-	-	-
Lease proceeds	-	3,767,121	3,767,121	-
Sale of capital assets	-	896,307	896,307	-
Total other financing sources (uses)	-	4,663,428	4,663,428	-
Net change in fund balances	(6,273,019)	(80,549)	6,192,470	133,979
Fund balance - beginning	5,551,733	5,551,733	-	5,417,754
Fund balance - ending	\$ (721,286)	\$ 5,471,184	\$ 6,192,470	\$ 5,551,733